ALL AMERICAN PET COMPANY, INC.
Form 10-K/A
August 19, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K/A
(Amendment No. 1)

x ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

¨ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-33300

ALL AMERICAN PET COMPANY, INC.

(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	91-2186665 (I.R.S. Employer Identification No.)
9601 Wilshire Blvd., Suite M200 Beverly Hills, California (Address of principal executive offices)	90210 (Zip Code)

Registrant's telephone number: (310) 424-1600

Securities registered under Section 12(b) of the Act:

Common Stock, $0.001 par value

(Title of class)

Securities registered under Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ¨ No x

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ¨ No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold was $8,189,300.00.

The number of shares of Common Stock, $0.001 par value, outstanding on March 29, 2010 was 96,351,926 shares.

Explanatory Note

This Amendment No. 1 on Form 10-K/A (the "Amendment") amends the Annual Report on Form 10-K of All American Pet Company Inc. ("Company") in its entirety for the year ended December 31, 2009, originally filed with the Securities and Exchange Commission on March 31, 2010. Please see footnote number fifteen (#15). is amendment is being filed to reflect corrections to inadvertent errors in the amortization of employee bonus expense and expensing accrued payroll taxes, and the associated penalties and interest in the period that they were assessed instead of in lump sum amounts. These amendments will change the original filing to disclosures on the Condensed Consolidated Statements of Operations (for the twelve months ended December 31, 2009 and December 31, 2008) and, as a result of such errors, to Item 2 - "Management's Discussion and Analysis of Financial Condition and Plan of Operation - Results of Operations." This Amendment No. 1 does not change any other information set forth in the original filing of the Company's Report on Form 10-K for periods ending December 31, 2009 and December 31, 2008. Please see footnote number fifteen (#15).

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USE OF FORWARD LOOKING STATEMENTS IN THIS REPORT

This Annual Report contains forward-looking statements. These forward-looking statements include, but are not limited to, predictions regarding:

- our business plan;
- the commercial viability of our technology and products incorporating our technology;
- the effects of competitive factors on our technology and products incorporating our technology;
- expenses we will incur in operating our business;
- our liquidity and sufficiency of existing cash;
- the success of our financing plans; and
- the outcome of pending or threatened litigation.

You can identify these and other forward-looking statements by the use of words such as “may”, “will”, “expects”, “anticipates”, “believes”, “estimates”, “continues”, or the negative of such terms, or other comparable terminology Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under the heading “Risk Factors”. All forward-looking statements included in this document are based on information available to us on the date hereof. We assume no obligation to update any forward-looking statements.

The information contained in this Annual Report is as of December 31, 2008, unless expressly stated otherwise.

As used in this report, the term Company refers to All American Pet Company, Inc., a Maryland corporation.

PART I

ITEM 1. BUSINESS

Overview

The Company produces healthy products for dogs, with the core product being super premium dog food. We produce, market and sell super-premium dog food under the brand names Grrrnola™ Natural Dog Food, BowWow Breakfast Cereal™, and a full line of super premium dog nutritional bars (a full 8 ounce meal serving)in a 4 ounce bar that are portable, convenient and healthy. We believe that this new form of super premium dog food will revolutionize the industry for the dog “on the go”. Just as Kellogg revolutionized the industry with their Nutra-Grain Bars for humans, creating a $3.4 billion category, the All American Branded Bars for Dogs will be the industry phenomenon in pet food. Our market strategy will open the category with healthy and natural “Grrrnola Bars” for dogs and will be targeted to the mass merchants, pet centers, supermarket and drug store chains.

The Company has never operated at a profit, and is currently under significant financial strain primarily because at December 31, 2008 it had a book overdraft of $9603.00. The Company focused all of its efforts on developing new dog food products to meet the needs of a re-launch of its products to supermarkets, the Company's only focus prior to 2008 as well as the mass merchandisers, drug stores and convenience stores. The Company had no sales for the year ended December 31, 2008. The Company utilized its limited working capital on product development and did not have the required financing to properly support manufacturing of its products, and to provide the required funds for marketing or to fund the costs required to place its products in stores where they could be sold.

All American Pet Company, Inc. a New York corporation ("All American Pet New York") was initially organized under the laws of the State of New York in February 2003. In January 2006, All American Pet New York merged (the "Merger") into All American Pet Company, Inc. a Maryland corporation ("All American Pet Maryland"). As used in this report, the term Company refers to All American Pet Company New York before the Merger, and to All American Pet Maryland after the Merger.

Our executive offices are located at 9601 Wilshire Boulevard, Suite M-200, Beverly Hills, California 90210 and our telephone number at that location is (310) 424-1600. Our website is www.aapbrands.com. The information on our website is not, and shall not be deemed to be, a part of this report or incorporated by reference into this or any other filing we make with the Securities and Exchange Commission (the "SEC").

Our Products

We produce, market and sell super-premium dog food under the brand names Grrrnola™ Natural Dog Food, BowWow Breakfast Cereal™, and a full line of super premium dog nutritional bars (a full 8 ounce meal serving)in a 4 ounce bar that are portable, convenient and healthy. We plan on expanding these product lines with additional packaging alternatives, additional flavors and additional bars (e.g. Nutritional Bars, Energy Bars, Food Supplement Bars and Power Bars) if we are able to secure adequate funding to do so.

Our Business Model

Based on our review of the available products in the dog food market, we believe we have developed the first line of commercial dog food specifically targeted for the morning meal. As part of our marketing strategy, we have shaped and packaged our products similar to breakfast cereals. Bow Wow Breakfast™ Cereal is the first line of super premium breakfast foods for dogs. Bow Wow Breakfast provides a complete and balanced start to any dog's day! Our premium blend of natural ingredients provides essential nutrients optimized to promote dog nutrition, health and vitality. Unlike most dry dog food, chicken is the foundation of our nutritious cereal because we believe that meat should be the main ingredient in any dog food-not grains. It is vitamin fortified, no sugar is added and provides taurine for heart health and l-carnitine to help convert fat to energy. Bow Wow Breakfast provides more complete nutrition than other leading brands and is available in three flavors and textures; Chompions,™ Chewabunga™ and Fido Flakes.™ Bow Wow Breakfast products are made in the USA – 100% safe and 100% wheat gluten free formula have never been affected by any pet food recall. Our formula includes ingredients, which we believe are higher in nutrition than almost all other dog food formulas currently on the market. All ingredients are of U.S. origin and produced under the strictest FDA and AAFCO guidelines. It will also be available in handy and convenient "bars".

Grrr-nola™ Natural dog food is a multi-meal every-day super premium dog food formula. Veterinary health experts recommend feeding dogs twice a day— breakfast being one of those meals—to lower the risks of obesity, diabetes, cardiac stress and minimizing bloating. It is the same natural formula as Bow Wow Breakfast Cereals without the food coloring. Grrr-nola is made in the USA – 100% safe and 100% wheat gluten free, and has never been affected by any pet food recall. All ingredients are of U.S. origin and produced under the strictest FDA and AAFCO guidelines. It will also be available in handy and convenient "bars".

Bow Wow Breakfast Bars and Grrrnola Bars have been developed and introduced as the first full line of super premium dog food bars in the United States. These nutritional dog food bars, (a full 8 ounce meal serving), in a 4-ounce bar that are portable, convenient and heart healthy. Just as Kellogg revolutionized the industry with their Nutra-Grain Bars creating a $3.4 billion category, the All American branded meal replacement bars will create the same effect in the humanization for dogs.

Our bars are made in the USA – 100% SAFE and 100% wheat gluten free, and have never been affected by any pet food recall. All ingredients are of U.S. origin and produced under the strictest FDA and AAFCO guidelines.

We have arrangements with non-affiliated dog food manufacturers to produce our products according to our specific instructions. We have approached mass merchants, pet centers, supermarket chains and drug store chains to shelve and sell our products in their stores. Through this process, we have developed an internal sales team and outside merchandising experts to market our products, and to increase public awareness of our products. If our efforts to shelve our products are successful, we will enter into purchase orders with manufacturers for the delivery of specified amounts of our products, which we will in turn distribute to stores that have agreed to shelve our products.

We are currently the only dog food company which recommends on its packaging that dogs should be fed two meals a day, and we are the only dog food company that is endorsed by a cardiac veterinarian surgeon. In addition, we are the only dog food company in the United States, which has developed a proprietary formula for a dog food bar that has the consistency of a candy bar with the nutritional content of our super premium formula.

Educating the public regarding our products and the benefits dogs will receive from our products is an important aspect of our business. We have used the latest media and promotional techniques to educate consumers about the health benefits of our dog food products, which will in turn, we believe, lead to sales of our products. The current media driven tools we have used include, direct marketing and data gathering programs, internet marketing, strategic media, promotional alliances, traditional and non-traditional advertising campaigns and national, local and print news interviews. We also intend to use loyalty mass mailers, "end cap" displays and related sales promotions, and high profile shopping center publicity events.

In 2009 we have focused on expanding distribution of products through mass merchant retailers, pet centers, supermarket and drug store chains. We no longer have an agreement with a marketing firm to assist in the promotion and sales of our products to the supermarket retailers, but we have engaged a public relations firm to assist us in the sales of our products to retailers and have hired internal sales personnel to accomplish our goals.

We began developing the formulation of our line of super-premium dog food in March 2003, and spent 18 months developing production in the U.S. with the strictest adherence to government regulations and domestic raw materials to insure the highest quality product. Management also developed the packaging and marketing materials and launched its sales strategy in late 2005 and 2006. During the product launch the company developed distribution channels that resulted in the placement of the BowWow Breakfast product line in 7,800 supermarket chain stores.

Manufacturing

We currently rely on one non-affiliated dog food manufacturer, C.J Foods, Inc., which produces our dog food, and three non-affiliated packaging companies (two that produces the cartons for our products, and two of which will produce the bags for packaging our products and one that produces the wrappers for our bars). We purchase approximately 86% of the materials necessary for the production of our products from these six parties. We purchase the other 14% of the materials necessary for the production of our dog food, which includes the master cases to house our dog food bags and boxes, as well as the pallets on which our cases of dog food are shipped, from various packaging and shipping companies. We do not maintain supply agreements with these parties, but instead purchase products through the use of purchase orders in the ordinary course of business.

Sales and Marketing

The wholesale price for the Company's products is $1.00 per pound, and the Company has never operated at a profit. The lack of sales in 2008 and in 2009 resulted from the fact that we did not have the funds necessary to manufacture or promote any of our products in a proper manner, and we did not have any funds to pay any other costs necessary to place our products in stores where they could be sold.

Our ability to market successfully our products is essential to our business. During 2009, we did not have sufficient financial resources to support an effective marketing program, and consumers were largely unaware of our products. In addition, because we did not have adequate financial resources to distribute marketing materials to consumers, develop internet viral marketing programs and social network programs that were available to us, we were unable to disseminate information about our products on a broad scale, and we were unable to "target-market" possible consumers.

Marketing All American Pet's brands began in 2009 with running trade advertising to build the presence of our product line with buyers and retail merchandisers. We started building awareness for our brands in every way using every media, mostly through editorials about our product lines through Public Relations, which included TV appearances that were virally distributed. We started promoting multi location charity events that raised funds for canine cardiac care for dogs and we have supported people with dogs who are contemplating giving up their dogs due to today's economics of rising unemployment, rising foreclosures, higher costs of veterinary care and overflow of shelters. We started a program of "Keeping Family's Together" which assists people and their dogs that have a need for help. In the last two quarters of 2009, our products were accepted in approximately 7,500 stores, ranging from supermarkets and drug store chains as well as military commissaries. To achieve our sales goals in 2010, we will need to shelve our products in approximately 11,000 stores by the end of 2010. In order to shelve our products in stores, we will require significant additional capital to be able to pay slotting fees and to manufacture and deliver our products, which we currently do not have. There is no assurance that we will be able to raise sufficient capital to meet our sales goals.

Our marketing efforts were severely constrained in 2008 due to a lack of sufficient funding and we were forced to cancel our agreement with a consumer packaged goods marketing company, due to our inability to pay slotting fees and to conduct the marketing necessary to satisfy the promotional calendars of supermarket retailers. We also terminated the services of a food broker specializing in the mass-merchandising club card business. Like the former consumer packaged goods marketing company, the food broker had established contacts in the mass merchant space, and was well known in the retail industry, having worked with all the mass merchant retailers.

The Company entered into a license agreement in August 2009 that expands the company's sales and marketing capacity. The agreement grants AAP Sales and Distribution Inc. a non-affiliated company, a non-exclusive license agreement to sell, distribute and under certain conditions and supervision of All American Pet Company Inc. manufacture the Company's certain of the products, which will augment our ability to cover the market place. We are now focused on selling supermarkets, big box retailers, pet specialty stores, convenience and drug stores. This added marketing strength provided by our licensee will speed the introduction of our products to more major chains and help us realize our goals of a national distribution footprint in 2010."

The non-exclusive agreement allows the licensee the use of AAPT's intellectual property and branding to manufacture and sell a specific list of AAPT's product lines. The agreement allows the company to leverage its properties and AAPT will receive advance payments, minimum royalties and a royalty on all sales of product by the licensee based on sales and guaranteed payments providing an attractive economic benefit to AAPT.

AAPT retains the rights to all of its formulas trade secrets and brands. The license covers AAPT's products "Heart Healthy" Dry Dog Food, the Grrr-nolaTM Natural Food Bar, 4oz bags, 4 lb. bags, 8 lb. bags, 20 lb. bags, and 30 lb. bags of dry dog food. In addition licensee has the right to use the trademarks as well as the brand names, All American Pet BrandsTM, GrrrnolaTM Natural Dog Food, ChewabungaTM Healthy Breakfast For Dogs, Bow Wow BreakfastTM and Grrr-nolaTM Multi-Grain Food BarTM and others to be mutually agreed upon. The agreement provides that AAPT receive advance payment, minimum royalties and a royalty on all sales of product by the licensee based on sales and guaranteed payments.

As discussed elsewhere in this Annual Report on Form 10-K, our marketing and promotional activities have been severely constrained due to a lack of funding. However, the Company engaged a marketing professional as well a public relations team to create brand awareness with TV, radio, print, online viral marketing and social networking. In the last six months we entered into a marketing partnership with Disney/Pixar to promote their first joint animated 3D movie "UP". We handed out over 150,000 samples of our products in close to one hundred theatre locations nationwide that premiered the movie. In the last 4 months we created a nationwide viral marketing contest known as the "Cutest Dog Competition" which has given us over a quarter of a million (250,000) registered voters with more than sixty thousand (60,000) active photo entries. In the last eight weeks of the "Cutest Dog Competition", we received an average

of two million five hundred thousand-page views per day with over one hundred and fifty four million (154,000,000) total page views. In this time period this website has moved into the top three thousand (3,000) most visited websites on the Internet. The winner of the "Cutest Dog Competition was announced on our website as well as at a media event on Thanksgiving Day. Prizes were distributed for regional winners, and the top regional winners qualified for the final event. Regional winners then competed for the title of the "Cutest Dog Competition" and the $1 million winner was announced on Thanksgiving Day.

We intend to participate in these and similar events in the future to enhance our position in an attempt to secure corporate promotional alliances and sponsorships, and to create a virtual community on the Company's website through interactive consumer participation. Unless and until we obtain sufficient funding, we will not be able to participate in these events.

It is important to recognize that although we have expended significant resources to market our products as described above, we will not be able to implement or utilize these opportunities and arrangements unless we obtain the capital necessary for such implementation and/or utilization in the near future.

Competition

The pet food business is highly competitive. Virtually all of the manufacturers, distributors and marketers of pet food have substantially greater management, financial, brand recognition, research and development, marketing and manufacturing resources than we do. Competitors in the super-premium pet food market include, among others: Colgate-Palmolive Co. whose major brands include Hills' Science Diet; Proctor and Gamble whose major dog food brands are Iams and Eukanuba and Nestle Corporation whose major dog food brands are Purina.

In addition, we compete with current supermarket high-priced dog foods, as well as premium dog foods offered in the specialty pet stores and mass merchants. We believe that the dog food recall that occurred in 2008 and 2009 has led to the opening of some shelf space in supermarket stores and mass merchants, pet centers as well as drug store locations. Although dominant existing premium pet food brands are not currently available in supermarkets and mass merchants, there can be no assurance that this situation will continue because barriers to entry in our industry are relatively low especially for existing brands with greater financial and marketing capabilities than us.

Regulation

We are subject to a broad range of federal, state and local laws and regulations intended to protect public health, natural resources and the environment. Our operations are subject to regulation by the Occupational Safety and Health Administration (“OSHA”), the Food and Drug Administration (“FDA”), the Department of Agriculture (“DOA”) and various state and local authorities regarding the processing, packaging, storage, distribution, advertising and labeling of our products, including food safety standards. Due to the widely publicized pet food recall from 2007-2009, both our Company and our dog food supplier are doing more quality assurance testing for melamine, and other potential contaminants. A task force has been established to assert more stringent “country of origin” labeling. We will be working with our supplier and the FDA in solving this industry wide issue. In addition, we will require our supplier to test all flour samples for melamine with the new test curve set up to handle contaminants. Our manufacturer will also be researching amino acid profiling of new suppliers to validate the legitimacy of protein sources.

Employees

As of December 31, 2009, we had six full-time employees both of whom were our two officers. We also had one consultant who works with us on a part-time basis to assist in local marketing and public relations activities.

ITEM 1A. RISK FACTORS

The Company faces a number of significant risks associated with its current plan of operations. These include the following:

Our business is difficult to evaluate because we have a limited operating history.

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The Company was formed in February 2003, and has incurred losses in each period since commencing operations. From the time of our formation until the end of 2004, we formulated and tested our products. We did not begin to sell our products until the beginning of 2005 and were forced to stop manufacturing and selling our products in 2007 due to a lack of funding. To date, we have generated limited revenues and the development of our business plan will require substantial capital expenditures. Our business could be subject to any or all of the problems, expenses, delays and risks inherent in the establishment of a new business enterprise, including, but not limited to limited capital resources, possible delays in product development, possible cost overruns due to price and cost increases in raw product and manufacturing processes, uncertain market acceptance, and the inability to respond effectively to competitive developments and to attract, retain and motivate qualified employees. Therefore, there can be no assurance that our business or products will be successful, that we will be able to achieve or maintain profitable operations, or that we will not encounter unforeseen difficulties that may deplete our capital resources more rapidly than anticipated. There can be no assurance that we will achieve or sustain profitability or positive cash flows from our operating activities.

We have never generated any significant revenues, have a history of losses, and cannot assure you that we will ever become or remain profitable.

We have not yet generated any significant revenue from operations and, accordingly, we have incurred net losses every year since our inception. To date, we have dedicated most of our financial resources to general and administrative expenses, and sales and marketing activities. We have funded all of our activities through sales of our securities. We anticipate net losses and negative cash flow to continue for the foreseeable future until such time as revenue is generated in sufficient amounts to offset operating losses. Due to limited financial resources, we have significantly curtailed our sales and marketing efforts during the past year. Consequently, we will need to generate significant additional revenue from financing activities to fund our operations until we can once again recommence sales and marketing activities, manufacturing of our products and placement of our products in stores for sale to consumers. This has put a proportionate corresponding demand on capital. Our ability to achieve profitability is dependent upon our sales and marketing efforts, and our ability to manufacture and sell our products. There can be no assurance that we will ever generate revenues or that any revenues that may be generated will be sufficient for us to become profitable or thereafter maintain profitability. We may also face unforeseen problems, difficulties, expenses or delays in implementing our business plan.

We have been the subject of a going concern opinion from our independent public accountants, raising a substantial doubt about our ability to continue as a going concern.

Our independent registered public accountants included an explanatory paragraph in their audit report in connection with our 2009 financial statements stating that because we have incurred a net loss of $2,013,798 and a negative cash flow from operations of $1,000,450 for the year ended December 31, 2009 and had a working capital deficiency of $2,965,123 and a shareholders' deficiency of $2,921,613 at December 31, 2009, there is substantial doubt about our ability to continue as a going concern. These factors, along with others, may indicate that we will be unable to continue as a going concern for a period of twelve months or less.

Our continuation as a going concern is dependent on our ability to raise additional funds through private placements of our common stock sufficient to pursue our business plan to meet our current obligations and to cover operating expenses during 2008. Without an immediate capital infusion in the near future, and without a significantly substantial infusion of capital within a short time thereafter, we may be forced to limit our operations severely further, and may not be able to survive. There is no assurance that we will be able to secure additional funding in the future, and in the event we are unable to raise additional capital in the near future, it is probable that any investment in the Company will be lost.

We have had negative cash flows from operations and our business operations may fail if our actual cash requirements exceed our estimates, and we are not able to obtain further financing.

We have had negative cash flows from operations, and as of December 31, 2009. To date, we have incurred significant expenses in product development and administration in order to ready our products for market. Our business plan calls for additional significant expenses necessary to bring our products to market. We do not have sufficient funds to satisfy our short-term cash requirements.

We had a working capital deficit of $2,965,123 at December 31, 2009, which means that our current liabilities exceeded our current assets on December 31, 2009 by that amount. Current assets are assets that are expected to be converted into cash within one year and, therefore, may be used to pay current liabilities as they become due. Our working capital deficit means that our current assets on December 31, 2009 were not sufficient to satisfy all of our current liabilities as of that date.

We need significant additional funds to maintain and develop our business.

As of December 31, 2009 our expenses ran at a “burn rate” of approximately $242,000 per month. Our current capital resources are insufficient to fund operations at the present time, and we will require substantial additional capital in order to sustain our operations, fund sales and marketing activities, pay for the manufacture of our products, and implement our business plan during the year ending December 31, 2010 and beyond. Our ability to continue as a going concern is dependent on our ability to raise capital.

Although management is in discussions to arrange for one or more such financings, we cannot assure you that we will successfully negotiate or obtain such additional financing, or that we will obtain financing on acceptable or favorable terms, if at all. There are no commitments in place for such financings at this time. If we cannot obtain needed capital, when and as we need it, our sales and marketing plans, ability to manufacture products for sale, business, prospects, results of operation and financial condition and our ability to reduce losses and generate profits are likely to be materially and adversely affected.

We expect that any commitments for additional financings will be in the form of “best efforts” financings. Our ability to obtain additional capital depends on market conditions, the economy and other factors, many of which are outside our control. If we cannot obtain needed capital, our research and development, and marketing plans, business and financial condition and our sales and marketing plans, ability to manufacture products for sale, and ability to reduce losses and generate profits are likely to be materially and adversely affected. Our failure to secure necessary financing would likely have a material adverse effect on our business, prospects, financial condition and results of operations.

The cost of maintaining our public company reporting obligations is high. We expect to incur increased costs under the Sarbanes-Oxley Act of 2002.

We are obligated to maintain our periodic public filings and public reporting requirements, on a timely basis, under the Rules and Regulations of the SEC. In order to meet these obligations, we will need to continue to raise capital. If adequate funds are not available to us, we will be unable to comply with those requirements and could cease to be qualified to have our stock traded in the public market. As a public company, we have incurred and will incur significant legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act of 2002, as well as related rules adopted by the SEC, has imposed substantial requirements on public companies, including certain corporate governance practices and requirements relating to internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. Although, under rules issued by the SEC, as currently in effect, we will not be required to evaluate how to document and test our internal control procedures under Section 404 of the Sarbanes-Oxley Act and the related rules of the SEC until our Annual Report on Form 10-K for the year ending December 31, 2010, effective disclosure controls and procedures and internal controls are necessary for us to produce reliable financial reports and are important in helping prevent financial fraud generally. We must begin to implement proper procedures significantly in advance of this date and will incur significant up-front expenses to do so. If we are unable to achieve and maintain adequate disclosure controls and procedures and internal controls, our business and operating results could be harmed.

Our stockholders face further potential dilution in any new financing.

Any additional equity that we raise would dilute the interest of the current stockholders and any persons who may become stockholders before such financing. Given the low price of our common stock, such dilution in any financing of a significant amount could be substantial.

Our stockholders face further potential adverse effects from the terms of any preferred stock which may be issued in the future.

In order to raise capital to meet expenses or to engage in extraordinary transactions such as the acquisition of a business, our Board of Directors may issue additional stock, including preferred stock. Any preferred stock, which we may issue, may have voting rights, liquidation preferences, redemption rights and other rights, preferences and privileges. The rights of the holder's of our common stock will be subject to, and in many respect subordinate to, the rights of the holders of any such preferred stock. Furthermore, such preferred stock may have other rights, including economic rights, senior to our common stock that could have a material adverse effect on the value of our common stock. Preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, can also have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock, thereby delaying, deferring or preventing a change in control of the Company.

Our small size and limited history negatively affect our ability to raise capital.

It is difficult for us to find any capital sources because of our relatively small capitalization, our losses to date, our current working capital position, our lack of sales and other factors. It is possible that we may not be able to raise sufficient funds in the future in order to survive and pursue our business plan.

Attempts to grow our business could have an adverse effect on the Company.

Because of our small size, we desire to grow rapidly in order to achieve certain economies of scale. To the extent that rapid growth does occur, it will place a significant strain on our financial, technical, operational and administrative resources. Our planned growth will result in increased responsibility for both existing and new management personnel. Effective growth management will depend upon our ability to integrate new personnel, to improve our operational, management and financial systems and controls, to train, motivate and manage our employees, and to increase our sources of raw materials, product manufacturing and packaging. If we are unable to manage growth effectively, our business, results of operations and financial condition may be materially and adversely affected. In addition, it is possible that no growth will occur or that growth will not produce profits for the Company.

If we cannot successfully compete with existing pet food companies that have greater resources than we have, our business may not survive.

The pet food business is highly competitive. Virtually all of the manufacturers, distributors and marketers of pet food have substantially greater management, financial, research and development, marketing and manufacturing resources than we do. Competitors in the super-premium pet food market include, among others: Colgate-Palmolive Co. (Hills' Science Diet), Iams Co. and Nestle's Purina brands. Brand loyalty to existing products may prevent us from achieving our sales objectives. Additionally, the long-standing relationships maintained by existing premium pet food manufacturers with veterinarians and pet breeders may prevent us from obtaining professional recommendations for our products. In addition, we compete with current supermarket high-priced dog foods, as well as premium dog foods offered in the specialty pet stores. Although the dominant existing premium pet food brands are not currently available in supermarkets and mass merchants, and there can be no assurance that this situation will continue. In addition, there are no barriers to prevent the entry of such brands into the supermarket and mass merchant distribution channel, and in the event we fail to meet sales goals determined by them for our products they could cease shelving our products in their stores or replace our products with those of our competitors. The entrance into the supermarket or mass merchant distribution channel of an existing or new premium pet food by any of our competitors could have a material adverse effect on the Company. If we are not successful in competing in these markets, we may not be able to attain our business objectives.

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If we are unable to market our products to compete with new or existing products developed by well-established competitors, our business will be negatively affected.

Our success with the BowWow brands is significantly dependent upon our ability to market, promote and deliver the brand. As is typical with new products, demand for and market acceptance of new products is subject to uncertainty. Achieving market acceptance for new products may require substantial marketing and other efforts, and the expenditure of significant funds to create customer demand. There can be no assurance that our efforts will be successful. In addition, the failure of new products to gain sufficient market acceptance could adversely affect the image of our brand name and the demand for our products in the future.

Increases in raw materials, packaging, oil and natural gas costs and volatility in the commodity markets may adversely affect our results of operations.

Our financial results depend to a large extent on the costs of raw materials, packaging, oil and natural gas, and our ability to pass the costs of these materials onto our customers. Historically, market prices for commodity grains and food stocks have fluctuated in response to a number of factors, including economic conditions such as inflation, changes in U.S. government farm support programs, changes in international agricultural trading policies, impacts of disease outbreaks on protein sources and the potential effect on supply and demand as well as weather conditions during the growing and harvesting seasons. Fluctuations in paper, steel and oil prices, which affect our costs for packaging materials, have resulted from changes in supply and demand, general economic conditions and other factors. In addition, we have exposure to changes in the pricing of oil and natural gas, which affects our manufacturing, transportation and packaging costs.

If there is any increase in the cost of raw materials, packaging, or oil and natural gas expenses, we may be required to charge higher selling prices for our products to avoid margin deterioration. We cannot provide any assurances regarding the timing or the extent of our ability to successfully charge higher prices for our products, or the extent to which any price increase will affect future sales volumes. Our results of operations may be materially and adversely affected by this volatility.

Restrictions imposed in reaction to outbreaks of "mad cow disease," "foot-and-mouth," "bird flu" or other animal diseases could adversely impact the cost and availability of our protein-based raw materials.

The cost of the protein-based raw materials used in our products has been adversely impacted in the past by the publicity surrounding bovine spongiform encephalopathy, which is also known as "mad cow disease," and which is a terminal brain disease for cattle. Cases of bovine spongiform encephalopathy were found in Europe, among other areas, in late 2000, and in Canada and the United States in 2003. As a result of extensive global publicity and trade restrictions imposed to provide safeguards against this disease, the cost of alternative sources of the protein-based raw materials used in our products, such as soybeans, pork meat and bone meal, has from time to time increased significantly and may increase again in the future if additional cases of bovine spongiform encephalopathy are found.

In 2001, an outbreak of foot-and-mouth disease was discovered in Europe. Foot-and-mouth disease affects animals with cloven hooves, such as cattle, swine, sheep, goats and deer. While foot-and-mouth disease is not considered a threat to humans, people who come in contact with the virus can spread it to animals. Any break out of foot-and-mouth disease could adversely affect the availability of our protein-based raw materials.

In 2004, a case of highly pathogenic avian influenza, and commonly known as the "bird flu," was detected in the United States. Highly pathogenic avian influenza virus was identified as the H5N2 strain and, while classified as highly virulent to birds, has not been shown to affect humans, and is not related to the highly publicized H5N1 strain of the Asian highly pathogenic avian influenza virus. The H5N1 strain of the Asian highly pathogenic avian influenza

virus first emerged in Hong Kong in 1997, re-emerged in 2003 in South Korea, and is known to have spread to China, Vietnam, Thailand, Cambodia, Laos, Indonesia, Turkey, Romania, Russia and Greece. 71 of the approximately 138 people who are known to have contracted the virus associated with the H5N1 strain, purportedly from exposure to infected birds, have died. In an effort to limit the spread of the H5N1 strain, governmental authorities have been ordering the destruction of infected flocks of birds and imposing bans against imports of poultry from countries where the virus is known to exist. These measures may adversely impact t he price and availability of our sources of chicken meal and other protein-based raw materials used in our products.

If bovine spongiform encephalopathy, foot-and-mouth disease, highly pathogenic avian influenza or any other animal disease impacts the availability of the protein-based raw materials used in our products, we may be required to locate alternative sources for protein-based raw materials. We can give no assurance that those sources would be available to sustain our sales volumes, that these alternative sources would not be more costly or that these alternative sources would not affect the quality and nutritional value of the All American Pet brand. If outbreaks of bovine spongiform encephalopathy, foot-and-mouth disease, highly pathogenic avian influenza or any other animal disease or the regulation or publicity resulting there from impacts the cost of the protein-based raw materials used in our products, or the cost of the alternative protein-based raw materials necessary for our products as compared to our current costs, we may be required to increase the selling price of our products to avoid margin deterioration. We can give no assurance regarding the timing or the extent of our ability to successfully charge higher prices for our products, or the extent to which any price increase will affect future sales volumes.

We are dependent on third party manufacturers who may not provide us with the quality competitive products at reasonable prices.

We do not have the required financial and human resources or capability to manufacture our own products. Accordingly, our business model calls for the outsourcing of the manufacture of our products in order to reduce our capital and infrastructure costs as a means of potentially improving our financial position and the profitability of our business. We must enter into agreements with other companies that can assist us and provide certain capabilities, including sourcing and manufacturing, which we do not possess. We may not be successful in entering into such alliances on favorable terms or at all. Even if we do succeed in securing such agreements, we may not be able to maintain them. Furthermore, any delay in entering into agreements could delay the commercialization of our products or reduce their competitiveness even if they reach the market. Any such delay related to such future agreements could adversely affect our business.

We have been and will continue to be materially dependent on a limited number of non-affiliated third parties for the manufacture and production of our dog food. Currently, we rely on one non-affiliated dog food manufacturer, C.J. Foods, Inc., to produces our dog food, and four non-affiliated packaging companies, to produce the cases, cartons and master cases for our product. We do not maintain supply agreements with these parties, but instead purchase products through the use of purchase orders in the ordinary course of business. We will be substantially dependent on the ability of these parties to, among other things, meet our performance and quality specifications. Failure by these parties to comply with these and other requirements could have a material adverse effect on the Company. Furthermore, these parties may not dedicate sufficient production capacity to meet our scheduled delivery requirements, and they may not have sufficient production capacity to satisfy our requirements during any period of sustained demand. Their failure to supply, or their delay in supplying us with products, could have a material adverse effect on the Company. In addition, the success of our products is significantly dependent on mass merchant, pet centers, drug stores, and supermarket demand for our products, and if we fail to secure orders from mass merchant, pet centers, drug stores or supermarkets for our products (and any subsequent decrease in such orders) would have a material adverse effect on us.

Furthermore, in March of 2007, The Federal Food and Drug Administration announced that they found the chemical Melamine in pet foods manufactured in the United States. Melamine, is a chemical banned in this country and used to make plastics and fertilizer in Asia. The chemical was detected in wheat gluten used as an ingredient in wet-style canned pet products. The FDA issued a recall of more than 100 brands of pet food, which amounted to more than 60 million cans of tainted pet food. Because the melamine ingested food caused acute kidney failure, the FDA confirmed about 15 pet deaths, however the number of pet deaths related to kidney failure was in the thousands.

If our products do not gain market acceptance, it is unlikely that we will become profitable.

The market for pet food is competitive and subject to changing consumer preferences, including sensitivities to product ingredients and nutritional claims. At this time, our products are largely unproven in the commercial arena. Market acceptance may depend on many factors, including among other things:

- price
- aroma
- taste
- ingredients
- nutritional claims; and
- word-of-mouth recommendations by pet owners

If we or our customers are the subject of product liability claims, we may incur significant and unexpected costs and our business reputation could be adversely affected.

We may be exposed to product liability claims and adverse public relations if consumption or use of our products is alleged to cause injury or illness. Our insurance may not be adequate to cover all liabilities we incur in connection with product liability claims. We may not be able to continue to maintain our existing insurance or obtain comparable insurance at a reasonable cost, if at all. A product liability judgment against us or our agreement to settle a product liability claim could also result in substantial and unexpected expenditures, which would reduce operating income and cash flow. In addition, even if product liability claims against us are not successful or are not fully pursued, defending these claims would likely be costly and time-consuming, and may require management to spend time defending the claims rather than operating our business. Product liability claims, or any other events that cause consumers to no longer associate our brand with high quality and safety may decrease the value of our brand and lead to lower demand for our products. Product liability claims may also lead to increased scrutiny of our operations by federal and state regulatory agencies, and could have a material adverse effect on our brands, business, results of operations and financial condition.

We are subject to extensive governmental regulation, and our compliance with existing or future laws and regulations, as well as the possibility of any mandatory product recalls imposed by future regulations, could cause us to incur substantial expenditures.

We are subject to a broad range of federal, state and local laws and regulations intended to protect public health, natural resources and the environment. Our operations are subject to regulation by OSHA, the FDA, the DOA and various state and local authorities regarding the processing, packaging, storage, distribution, advertising and labeling of our products, including food safety standards. Violations of or liability under any of these laws and regulations may result in administrative, civil or criminal penalties against us, revocation or modification of applicable permits, environmental investigations or remedial activities, voluntary or involuntary product recalls, or cease and desist orders against operations that are not in compliance. These laws and regulations may change in the future, and we may incur material costs in our efforts to comply with current or future laws and regulations or in any required product recalls. These matters may have a material adverse effect on our business.

Negative publicity resulting from recalls on pet foods in the United States could negatively affect the sales and marketability of our products.

In March 2007, the FDA discovered certain contaminants in vegetable proteins imported into the United States from China. Subsequently, the FDA began investigating an imported rice protein concentrate that contained melamine, which may have been used as an ingredient in some pet foods. As a result of this investigation, a number of dog food manufacturers recalled dog foods that contained the chemical melamine, which is banned in the United States, in dog food that contained wheat gluten. Even though our products do not use wheat gluten, any recall of dog food products and resulting publicity or regulations may adversely affect the Company and the sales of our products.

If we experience product recalls, we may incur significant and unexpected costs and our business reputation could be adversely affected.

We may be exposed to product recalls and adverse public relations if our products are alleged to cause injury or illness or if we are alleged to have violated governmental regulations. A product recall could result in substantial and unexpected expenditures, which would reduce our operating income and cash flows. In addition, a product recall may require significant management attention. Product recalls may damage the value of our brand and lead to decreased demand for our products. Product recalls may also lead to increased scrutiny by federal, state and local regulatory agencies, and could have a material adverse effect on our brand, business, results of operations and financial

condition.

Our lack of product and business diversity could inhibit our ability to adapt our business to industry changes and developments.

We are currently only engaged in the dog food business. Additionally, our efforts to date have been concentrated in the super-premium dry dog food segment, primarily focusing on the morning meal. This lack of diverse business operations exposes us to significant risks. Our future success may be dependent upon our success in developing and expanding our areas of concentration and upon the general economic success of the dog food industry. In addition, decline in the market demand for our products could have a material adverse effect on our brand, business, results of operations and financial condition.

We are highly dependent upon our marketing efforts.

The success of our business is significantly dependent on our ability to market our products to supermarkets, grocery stores, mass merchants, drug stores, and specialty pet stores. We must increase the level of awareness of unique breakfast food for dogs in general, and our products in particular. We will be required to devote substantial management and financial resources to these marketing and advertising efforts, and it is possible we will not be successful in these efforts.

Nondisclosure agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

We rely in part on nondisclosure agreements with our employees, consultants, agents and others to whom we disclose our proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position. Since we rely on trade secrets and nondisclosure agreements to protect some of our intellectual property, there is a risk that third parties may obtain and improperly utilize our proprietary information to our competitive disadvantage. We may not be able to detect unauthorized use or take appropriate and timely steps to enforce our intellectual property rights.

If we lose our key personnel or are unable to attract and retain additional personnel, we may be unable to achieve profitability.

Our future success is substantially dependent on the efforts of our senior management, particularly Barry Schwartz, our Chief Executive Officer, and a director of the Company; and Lisa Bershan, our President and a director of the Company. The loss of the services of either Mr. Schwartz or Ms. Bershan, who are husband and wife, or other members of our senior management may significantly delay or prevent the achievement of product development and other business objectives. If we lose the services of, or do not successfully recruit key personnel, the growth of our business could be substantially impaired. At present, we do not maintain key person insurance for any of our senior management.

We may not be able to attract or retain qualified senior personnel.

We believe we are currently able to manage our current business with our existing management team. However, as we expand the scope of our operations, we will need to obtain the full-time services of additional senior management and other personnel. Competition for highly skilled personnel is intense, and there can be no assurance that we will be able to attract or retain qualified senior personnel. Our failure to do so could have an adverse effect on our ability to

implement our business plan. As we add full-time senior personnel, our overhead expenses for salaries and related items will increase from current levels and, depending upon the number of personnel we hire and their compensation packages, these increases could be substantial.

Our common stock is thinly traded and largely illiquid.

Our stock is currently quoted on the Other Over the Counter ("Pink Sheets"). Being quoted on the Pink Sheets has made it more difficult to buy or sell our stock and from time to time has lead to a significant decline in the frequency of trades and trading volume. Continued trading on the Pink Sheets will also likely adversely affect the Company's ability to obtain financing in the future due to the decreased liquidity of the Company's shares and other restrictions that certain investors have for investing in Pink Sheets traded securities. While the Company intends to seek listing on the NASDAQ Stock Market ("NASDAQ") or another stock exchange, when the Company is eligible, there can be no assurance when or if the Company's common stock will be listed on NASDAQ or another stock exchange.

The market price of our stock is subject to volatility.

Because our stock is thinly traded, its price can change dramatically over short periods, even in a single day. An investment in our stock is subject to such volatility and, consequently, is subject to significant risk. The market price of our common stock could fluctuate widely in response to many factors, including:

- developments with respect to patents or proprietary rights;
- announcements of product innovations by us or our competitors;
- announcements of new products or new contracts by us or our competitors;
- actual or anticipated variations in our operating results due to the level of development expenses and other factors;
- changes in financial estimates by securities analysts and whether any future earnings of ours meet or exceed such estimates;
- conditions and trends in our industry;
- new accounting standards;
- general economic, political and market conditions and other factors; and
- the occurrence of any of the risks described in this report.

You may have difficulty selling our shares because they are deemed "penny stocks".

Because our common stock is not quoted on the NASDAQ National Market or NASDAQ Capital Market or listed on a national securities exchange, if the trading price of our common stock remains below $5.00 per share, trading in our common stock will be subject to the requirements of certain rules promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which require additional disclosure by broker-dealers in connection with any trades involving a stock defined as a penny stock (generally, any non-NASDAQ equity security that has a market price of less than $5.00 per share, subject to certain exceptions). Such rules require the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors (generally defined as an investor with a net worth in excess of $1,000,000 or annual income exceeding $200,000 individually or $300,000 together with a spouse). For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to the sale. The broker-dealer also must disclose the commissions payable to the broker-dealer, current bid and offer quotations for the penny stock and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market. Such information must be provided to the customer orally or in writing before or with the written confirmation of trade sent to the customer. Monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. The additional burdens imposed upon broker-dealers by such requirements could discourage broker-dealers from effecting transactions in our common stock, which could severely limit the market liquidity of the common stock and the ability of holders of the common stock to sell their

shares.

We have not and do not anticipate paying dividends in the foreseeable future.

We have not paid any cash dividends to date with respect to our common stock. We do not anticipate paying dividends on our common stock in the foreseeable future since we will use all of our earnings, if any, to finance expansion of our operations. However, we are authorized to issue preferred stock and may in the future pay dividends on the preferred stock that may be issued.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are presently located at 9601 Wilshire Boulevard, Suite M200, Beverly Hills, California 90210. The lease payments are $7,015 for the first year of the lease, plus our share of certain building expenses with rent increases each year thereafter, with rent of $98,372 in the last year of the lease.

We also leased space in a warehouse located at 5002 S. 169 Hwy, St. Joseph, MO 64506. This lease term began on March 8, 2006 and expired on September 7, 2007. We vacated the premises on October 1, 2007. The outstanding rent as of October 1, 2007 was $33,273. We did not enter into an agreement with respect to the remaining term of the lease and may be subject to future collection actions from the owner of the property.

We also leased equipment located in our leased space of the warehouse. The equipment lease term began on March 8, 2006 and was due to expire on March 7, 2009 with an option to purchase the equipment for $202,350 at any time prior to February 9, 2009. The monthly rent for the first 36 months was $5,550, and the monthly rent for the 37th month, or the last month of the equipment lease was $2,550. The equipment lease was for equipment used to package our products. The terms of the warehouse lease provided that a default on the equipment lease will constitute a default on the warehouse lease. Because of the terms of the warehouse lease and the monies owed the landlord, the landlord took back possession of the warehouse and equipment as well as our warehoused product and supplies. We are not aware of as to what steps the landlord took in selling the warehouse building that we occupied as well as the intentions of the landlord as to the selling off of the equipment, product and supplies. We have not negotiated a payment schedule with the landlord and may be subject to future collection actions from the landlord.

ITEM 3. LEGAL PROCEEDINGS

The Company is currently involved in litigation with several of its vendors, several of which have had default judgments issued. These judgments including costs are approximately $190,000. Additionally, the company is involved in former employee litigation the amount of which is approximately $260,000. In both cases the company has made appropriate provision for the final outcome of these litigation matters.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASE OF EQUITY SECURITIES

Market Information

From January 1, 2007 to July 23, 2007 the Company's common stock was not traded. From July 23, 2007, the Company's common stock had been quoted on the OTCBB under the symbol "AAPT". In April of 2008 the company's stock has been quoted on the "Pink Sheets" under the symbol "AAPT.PK".

The table below represents the quarterly high and low bid prices for the Company's common stock for the last two fiscal years as reported by the OTCBB and the Pink Sheets.

	2008		2009	
	High	Low	High	Low
First Quarter	$0.18	$0.06	$0.10	$0.02
Second Quarter	$0.18	$0.02	$0.18	$0.10
Third Quarter	$0.08	$0.01	$0.14	$0.06
Fourth Quarter	$0.18	$0.04	$0.10	$0.04

The closing bid price for the Company's common stock on December 31, 2009, was $0.06 per share. As of such date, there were approximately 118 registered owners and of the Company's common stock. The Company believes that the number of beneficial owners is substantially higher than this amount.

Dividends

The Company has never declared or paid a cash dividend to stockholders. The board of directors presently intends to retain any earnings, which may be generated in the future to finance Company operations.

Sales of Unregistered Securities

Capital Stock

All American Pet Company, Inc. was formed under Maryland law on January 4, 2006 with 50,000,000 authorized shares of common stock and 10,000,000 authorized shares of preferred stock. On January 27, 2006, All-American Pet Company Inc., A New York corporation, merged with and into All American Pet Company, Inc., a Maryland corporation.

Prior to the January 27, 2006 merger into the Maryland Corporation, the Company entered into the first of three amendments of shareholder agreements to accommodate new investors, the first of which occurred on November 5, 2004. This agreement was amended on February 8, 2005 and again on March 1, 2005 to reduce the number of new investors and increase the commitment of certain investors.

On November 30, 2005, the Company signed a letter of intent to enter into a transaction with Nortia Capital Partners L.L.P. ("Nortia"). The transaction resulted in (i) the Company recapitalizing to reflect total common shares outstanding being 7,500,000 common shares (ii) Nortia and or Nortia assignees acquiring 750,000 shares of newly issued common stock of the newly recapitalized company for an aggregate sales price of $100,000 of which $50,000 was paid during the year ended December 31, 2005 and $50,000 was reflected as a subscription receivable at December 31, 2005, and received in January 2006 (iii) Nortia received 500,000 warrants to purchase an additional 500,000 shares of common stock at an exercise price of $0.50 per share expiring on December 31, 2007.

Private Placement of Common Stock

During the year ended December 31, 2009, the Company raised $1,010,242 (net) from the sale of 19,800,114 Common shares.

During the year ended December 31, 2008, the Company raised $220,175 from the sale of 2,695,940 of Common shares.

Conversion of Notes to Common Stock

On September 28, 2007, the Company converted $20,000 of the principal balance of a related party note into 133,333 shares of common stock. On October 28, 2007, the company converted the remaining principal balance of the related party note of $30,000 and $19,778 of accrued interest into 311,113 shares of common stock (also see Note 8(b)). The value of the 444,446 shares of common stock had a value of $69,778, which is equivalent to the principal balance of the note and the accrued interest. In addition the company converted $45,000 in notes to 1,000,000 shares of Common stock.

During the year 2009, $673,336 of notes were converted to 9,955,590 shares of Common Stock.

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Conversion of Common Stock into Preferred Shares

As an additional condition of the December 28, 2005 private placement and recapitalization in Maryland, two of the four existing shareholders entered into an agreement to convert their common shares into 56,500 shares of preferred stock designated Series A. The tendered shares of common stock were reallocated to the other two founding shareholders such that the total number of issued and outstanding shares of common stock will not change. This recapitalization was recorded retroactively to inception. As a result of the recapitalization, the number of shares authorized was increased and as such, the common stock previously subscribed but not issued in 2005 was recorded as issued as of December 31, 2005.

The Series A Preferred Stock is entitled to cumulative dividends of 8% per annum and is payable on March 1st of each year beginning in 2006. Once issued, the Company will have the right, by agreement, to redeem the outstanding shares of Series A Preferred Stock at their liquidation value at anytime. For each share of Series A Preferred Stock that is redeemed, the holder also shall receive one share of the Company's common stock in addition to the liquidation value. $135,600 and $90,400 is included in dividend payable at December 31, 2008 and 2007 in the accompanying balance sheet. The liquidation preference, which includes the unpaid dividends, is valued at $700,600 at December 31, 2008. These shares were converted to 5,025,000 shares of Common Stock in 2009.

Warrants Issued with Debt

The Company raised $20,000 in 2005 from convertible notes. As a result, the Company issued warrants for 15,384 shares at an exercise price of $1.00 per share. A Black Scholes calculation determined the value of the warrants was $57 at December 31, 2005. The Black Scholes calculation takes into consideration the following assumptions: 15,384 as number of shares, a stock price of $0.50, an exercise price of $1.00, a five year term, volatility rate of 13.3%, discount rate of 3.94%, a one day vesting period and a contractual term of five years.

The Company commenced a private placement offering of convertible notes payable and raised $25,000 in 2005 and an additional $100,000 in 2006. The notes were converted in the first quarter of 2006. As part of the conversion election, the note holders received warrants to purchase an additional 79,167 shares of common stock at an exercise price of $0.50 per share. As a result, the Company recorded additional interest expense of $9,089 related to these warrants using a Black Scholes calculation. The Black Scholes calculation takes into consideration the following assumptions: 79,167 as number of shares, a stock price of $0.50, an exercise price of $.50, a four year term, volatility rate of 13.3%.

On November 30, 2005 the Company signed a letter of intent to enter into a private placement transaction in which Nortia Capital Partners, L.P. ("Nortia") received 500,000 warrants to purchase an additional 500,000 shares of common stock at an exercise price of $0.50 per share. The Company recorded the fair value of these warrants of $51,000 using a Black Scholes calculation. The Black Scholes calculation takes into consideration the following assumptions: 500,000 as number of shares, a stock price of $0.50, an exercise price of $.50, a two year term, volatility rate of 13.3%, discount rate of 3.94%, a one day vesting period and a contractual term of two years.

During the year ended December 31, 2006, the Company concluded a private placement transaction resulting in the Company issuing a total of 342,480 warrants at an exercise price of $0.50 per share. A Black Scholes calculation determined the value of the warrants was $39,521 at December 31, 2006. The Black Scholes calculation takes into consideration the following assumptions: 342,480 as number of shares, a stock price of $0.50, an exercise price of $0.50, a four year term, volatility rate of 10.9%, discount rate of 4.51%, a one day vesting period and a contractual term of four years.

Pursuant to the August 24, 2008 five and one-half-year Employment Agreement, both Barry Schwartz and Lisa Bershan, officers of the Company, are entitled to receive 2,500,000 warrants each at an exercise price of $0.17 per share as bonus. A Black Scholes calculation determined the value of the warrants was $237,500 of bonuses. The Black Scholes calculation takes into consideration the following assumptions: 5,000,000 as number of shares, a stock price of $0.05, an exercise price of $0.17, a ten year term, volatility rate of 409.67% discount rate of 3.875%, immediate vesting period and a contractual term of ten years.

In December 2009, The Company issued 1,800,000 warrants to a shareholder for the purchase of 4,000,000 shares of Common Stock for $240,000. The Black Sholes calculation takes into consideration the following assumptions: 1,800,000 as number of shares, a stock price of $0.08, an exercise price of $0.10, a two year term, volatility rate of 106%, discount rate of .01%, immediate vesting period. As of December 31, 2009, $70,000 of this amount has not been received by the Company.

Warrants Outstanding

A summary of the Company's outstanding warrants and activity for the year ended December 31, 2009 and 2008 is as follows:

	Number of Units	Weighted-Average Exercise Price Per Share
Outstanding at January 1, 2007	905,813	0.51
Granted - 2007	3,025,000	0.10 – 0.50
Expired - 2007	0	0.50
Outstanding at December 31, 2007	3,925,813	0.15
Granted - 2008	5,000,000	0.17
Expired - 2008	500,000	--
Outstanding at December 31, 2008	8,425,813	.16
Granted 2009	1,800,000	
Expired 2009	3,020,000	
Exercisable at December 31, 2009	7,225,813	.16

The weighted-average remaining contractual life of the warrants outstanding at December 31, 2009 is from two to ten years.

Common Stock to Employees and Contested Employee Claims

In March 2008, the Company issued 750,000 shares of common stock valued $45,000 to an employee for payment of salaries.
As part of the final salary payments, the Company issued shares to employees for unpaid salaries. All employees of the Company agreed to accept the Company issued common shares as payment in full for accrued salaries and non-reimbursed employee expenses. As such, in November 2007 the Company issued 3,500,000 shares to all employees for payment of their accrued salaries and respective non-reimbursed expenses.

Pursuant to the August 24, 2008 five and one-half-year Employment Agreement, the Company issued 2,375,000 shares of Common stock to both Lisa Bershan and Barry Schwartz as a signing bonus.

Common Stock to Vendors and Consultants

During the year ended December 31, 2008, the Company issued 850,000 shares of common stock to two vendors in settlement of $51,000 owed. In addition, the Company also issued 4,874,000 shares of common stock valued $295,440 to various consultants and professionals for services rendered.

Common Stock Issued for Services

During the year 2009, 10,293,150 shares of Common Stock were issued for Consultants' Fees of $617,588 and 5,000 shares for Employee Bonus of $3,000.

During the year ended December 31, 2007, the Company issued 288,147 shares of common stock to a vendor in settlement of $28,815 owed. In addition, the Company also issued 410,000 shares of common stock valued $82,000 to a professional firm for services rendered.

In December 2007, we issued an aggregate of 896,000 shares of our common stock to certain of our existing investors pursuant to contractual anti-dilution provisions contained in such investors' stock purchase agreements. Each of these issuances were completed in reliance on exemptions from registrations under Section 3(b) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act, and each offering qualified for an exemption from registration because (i) the securities were purchased by accredited investors only; (ii) the Company did not engage in any general solicitation or advertising to market the securities; (iii) each purchaser was provided the opportunity to ask questions and receive answers from the Company regarding the offering; and (iv) the purchasers received "restricted securities".

Each of these issuances were completed in reliance on exemptions from registrations under Section 3(b) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act, and each issuance qualified for an exemption from registration because (i) the securities were purchased by accredited investors only; (ii) the Company did not engage in any general solicitation or advertising to market the securities; (iii) each purchaser was provided the opportunity to ask questions and receive answers from the Company regarding the offering; and (iv) the purchasers received "restricted securities". Common stock issued in settlement of $45,000 in notes.

Common Stock Issued – Settlement of Officers Accrued Salaries

The Board of Directors in an effort to reduce payables authorizes the CEO to enter into an agreement with the only officers of the corporation, Barry Schwartz the CEO and Lisa Bershan the President to accept shares of Common stock for all accrued salary as of July 31, 2008.

Therefore it was resolved that the officers of the company take advantage of the ability to pay past due salary accruals with restricted shares of Common stock.

Therefore, it is now resolved that the price used to calculate the number of shares to be issued be based on the average trading price for the company's shares based on the transactions recorded by the quotation services during the month of July.

The following was affected:

For Barry Schwartz, his accrued salary was exchanged for 8,843,584 shares of Common stock. For Lisa Bershan, her accrued salary was exchanged for 6,933,372 shares of Common stock

Securities Authorized for Issuance Under Equity Compensation Plans

As of December 31, 2009, the Company did not have any equity compensation or similar plans.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The statements contained in this report that are not purely historical are forward-looking statements. "Forward-looking statements" include statements regarding our expectations, hopes, intentions, or strategies regarding the future. Forward-looking statements include: statements regarding future products or product development; statements regarding future selling, general and administrative costs and research and development spending, and our product development strategy; statements regarding future capital expenditures and financing requirements; and similar forward-looking statements. It is important to note that our actual results could differ materially from those in such forward-looking statements.

Summary of the Company and its Current Status

Overview

The Company produces healthy products for dogs, with the core product being super premium dog food. We produce, market and sell super-premium dog food under the brand names Grrrnola™ Natural Dog Food, BowWow Breakfast Cereal™, and a full line of super premium dog nutritional bars (a full 8 ounce meal serving) in a 4 ounce bar that are portable, convenient and healthy. We believe that this new form of super premium dog food will revolutionize the industry for the dog "on the go". Just as Kellogg revolutionized the industry with their Nutra-Grain Bars for humans, creating a $3.4 billion category, the All American Branded Bars for Dogs should become the industry phenomenon in pet food. Our market strategy will open the category with healthy and natural "Grrrnola Bars™" for dogs and will be targeted to the mass merchants, pet centers, supermarket and drug store chains. We plan on expanding these product lines with additional packaging alternatives, additional flavors and additional bars (e.g. Nutritional Bars, Energy Bars, Food Supplement Bars and Power Bars) if we are able to secure adequate funding to do so.

Based on our review of the available products in the dog food market, we believe we have also developed the first line of commercial super premium dog food specifically targeted for the morning meal. As part of our marketing strategy, we have shaped and packaged our products similar to breakfast cereals. Bow Wow Breakfast™ Cereal provides a complete and balanced start to any dog's day. Our premium blend of natural ingredients provides essential nutrients optimized to promote dog nutrition, health and vitality. Bow Wow Breakfast is available in three flavors and textures; Chompions, ™ Chewabunga™ and Fido Flakes.™

Grrr-nola™ Natural dog food is a multi-meal every-day super premium dog food formula. Veterinary health experts recommend feeding dogs twice a day— breakfast being one of those meals—to lower the risks of obesity, diabetes, cardiac stress and minimizing bloating. It is the same natural formula as Bow Wow Breakfast Cereals without the food coloring.

Bow Wow Breakfast Dog Food Bars and Grrrnola Dog Food Bars have been developed and introduced as the first full line of super premium dog food bars in the United States. These nutritional dog food bars, (a full 8 ounce meal serving equivalent), in a 4-ounce bar are portable, convenient and heart healthy. The Grrrnola Natural Dog Food Bar was developed to meet the need of consumer lifestyles. It brings the convenience of a dog food without the bag and the bowl as well as the opportunity of selling the bars not only to mass merchants, supermarkets and pet centers but in drug stores and convenience stores, which carry a limited range of dog food as well. Baby boomers and two family earners are shopping more frequently in full service drug and expanded convenience stores. Convenience of prescriptions, health and beauty with expanded food choices from a smaller conveniently located store location has sparked a proliferation of new product opportunities for new product forms for the consumers. Informed consumers know that their health and well being of their dogs are linked, so the heart healthy Grrrnola Natural Dog Food Bar doubles as a heart healthy snack as well. Just as Kellogg revolutionized the industry with their Nutra-Grain Bars creating a $3.4 billion category, the All American branded meal replacement bars, as well as healthy snack bars, will create the same effect in the humanization for dogs.

Unlike most dry dog foods all of our dog food products have chicken as the main ingredient. All our products are made in the U.S.A., are 100% safe and Wheat Gluten Free and have never been affected by any pet food recall.

We have arrangements with non-affiliated dog food manufacturers to produce our products according to our specific instructions. We have approached mass merchants, pet centers, supermarket chains and drug store chains to shelve and sell our products in their stores. Through this process, we have developed an internal sales team and outside merchandising experts to market our products, and to increase public awareness of our products. Through our national sales team we have been accepted for nationwide placement into two retail chains with over 7,000 store locations. The

expected purchase orders with completion dates will require us to deliver our product line for shelf placement starting with the second quarter of 2010. We continue to have further discussions with other retail chain stores, which could account for an additional 10,000 stores.

The Company entered into a license agreement in August 2009 that expands the company's sales and marketing capacity. The agreement grants AAP Sales and Distribution Inc. a non-affiliated company, a non-exclusive license agreement to sell, distribute and under certain conditions and supervison of All American Pet Company Inc. manufacture the Company's certain of the products, which will augment our ability to cover the market place. We are now focused on selling supermarkets, big box retailers, pet specialty stores, convenience and drug stores. This added marketing strength provided by our licensee will speed the introduction of our products to more major chains and help us realize our goals of a national distribution footprint in 2010."

The non-exclusive agreement allows the licensee the use of AAPT's intellectual property and branding to manufacture and sell a specific list of AAPT's product lines. The agreement allows the company to leverage its properties and AAPT will receive advance payments, minimum royalties and a royalty on all sales of product by the licensee based on sales and guaranteed payments providing an attractive economic benefit to AAPT.

AAPT retains the rights to all of its formulas trade secrets and brands. The license covers AAPT's products "Heart Healthy" Dry Dog Food, the Grrr-nolaTM Natural Food Bar, 4oz bags, 4 lb. bags, 8 lb. bags, 20 lb. bags, and 30 lb. bags of dry dog food. In addition licensee has the right to use the trademarks as well as the brand names, All American Pet BrandsTM, GrrrnolaTM Natural Dog Food, ChewabungaTM Healthy Breakfast For Dogs, Bow Wow BreakfastTM and Grrr-nolaTM Multi-Grain Food BarTM and others to be mutually agreed upon. The agreement provides that AAPT receive advance payment, minimum royalties and a royalty on all sales of product by the licensee based on sales and guaranteed payments.

The added marketing strength anticipated by creating the license agreement should speed the introduction of our products to more major chains and reach our goals of a national distribution footprint in 2010. If these efforts to shelve our products are successful, we will enter into purchase orders with manufacturers for the delivery of specified amounts of our products, which we will in turn distribute to stores that have agreed to shelve our products.

Educating the public regarding our products and the benefits dogs will receive from our products is an important aspect of our business. We have used the latest media and promotional techniques to educate consumers about the health benefits of our dog food products, which will in turn, we believe, lead to sales of our products. The current media driven tools we have used include, direct marketing and data gathering programs, internet marketing, strategic media, promotional alliances, traditional and non-traditional advertising campaigns and national, local and print news interviews. We also intend to use loyalty mass mailers, "end cap" displays and related sales promotions, and high profile shopping center publicity events.

We began developing the formulation of our line of super-premium dog food in March 2003, and spent 18 months developing production in the U.S. with the strictest adherence to government regulations and domestic raw materials to insure the highest quality product. Management also developed the packaging and marketing materials and launched its sales strategy in late 2005 and 2006. During the product launch the company developed distribution channels that resulted in the placement of the BowWow Breakfast product line in 7,800 supermarket chain stores. Our ability to market successfully our products is essential to our business. During 2008, we did not have sufficient financial resources to support an effective marketing program, and consumers were largely unaware of our products. In the first quarter of 2009, we started developing internet viral marketing programs and social network programs that gave us the ability to reach most consumers nationwide.

The re-launch of marketing All American Pet's brands began in the first three months of 2009 with running trade advertising to again start to build the presence of our product line with buyers and retail merchandisers. We also started building brand awareness through editorials about our product lines through Public Relations, which includes TV appearances that were virally distributed over the internet. In 2009, our products were approved for purchase allowing buyers to add our product line to approximately 7,500 stores. The range of stores included supermarkets and

drug store chains. To achieve our sales goals in 2010, we will need to shelve our products in approximately 11,000 stores by the end of 2010. In order to shelve our products in stores, we will require significant additional capital to be able to pay slotting fees and to manufacture and deliver our products, which we currently do not have and there is no assurance that we will be able to raise sufficient capital to meet our sales goals.

As part of our public relations programs, we also started to plan on promoting multi location charity events that raise funds for canine cardiac awareness and the care for dogs and we planned a program for supporting people with dogs who were contemplating giving them up due to the economics of rising unemployment, rising foreclosures, higher costs of veterinary care and the overflow of shelters. We agreed to get a program started for “Keeping Family’s Together” which would assist people and their dogs that have a need for help.

In 2009 the Company engaged a marketing professional as well as a public relations team to create brand awareness with TV, radio, print, online viral marketing and social networking. We entered into a marketing partnership with Disney/Pixar to promote their first joint animated 3D movie “UP”. We finalized plans to host a nationwide viral marketing contest known as the “Cutest Dog Competition”. The contest started on August 1, 2009, allowing every dog owner in America to have the opportunity to submit a picture of their dog. Our “Cutest Dog Competition” response has given us over a quarter of a million (250,000) registered voters with more than sixty thousand (60,000) active photo entries. In the last eight weeks of the “Cutest Dog Competition”, we received an average of two million five hundred thousand page views per day with over one hundred and fifty four million (154,000,000_ total page views. In this time period this website has moved into the top three thousand (3,000) most visited websites on the internet. We announced the winner of the “Cutest Dog Competition” on our website as well as at a major venue on Thanksgiving Day. Prizes were distributed for regional winners, and the top regional winners qualified as finalists for the final event. Regional winners from all over the country then competed for the title of the “Cutest Dog Competition” and that winner was awarded the $1 million prize. On Thanksgiving Day, 2009, the winner was announced.

We intend to participate in these and similar events in the future to enhance our position in an attempt to secure corporate promotional alliances and sponsorships, and to create a virtual community on the Company's website through interactive consumer participation. Unless and until we obtain sufficient funding, we will not be able to participate in these events.

It is important to recognize that although we have expended significant resources to market our products as described above, we will not be able to implement or utilize these opportunities and arrangements unless we obtain the additional capital necessary for such implementation and/or utilization in the future.

Results of Operations

The statements contained in this report that are not purely historical are forward-looking statements. "Forward-looking statements" include statements regarding our expectations, hopes, intentions, or strategies regarding the future. Forward-looking statements include: statements regarding future products or product development; statements regarding future selling, general and administrative costs and research and development spending, and our product development strategy; statements regarding future capital expenditures and financing requirements; and similar forward-looking statements. It is important to note that our actual results could differ materially from those in such forward-looking statements.

Summary of the Company and its Current Status

The Company has never operated at a profit, and is currently under significant financial strain primarily because it has limited operating funds. The lack of significant sales results from the Company not having the funds necessary to manufacture its products, and not having funds to market its products or to pay the other costs required to place its products in stores where they can be sold.

The Company's Business Model

At this time the Company does not operate its own dog food manufacturing facility. We currently contract with one non-affiliated dog food manufacturer that has the capacity to allow the company to reach sales in excess of 100 million dollars annually. We plan to use this company for all of the production of our dog food in the near future along with five non-affiliated packaging companies (two that produce the cartons for our products, two that produce the bags for packaging our products and one that produces the wrappers for our bars). We maintain strict quality assurance and quality control standards when producing all our products. With respect to our dog food manufacturer, for example, when we produce any of our dog food products, at least one of our employees is present at the manufacturing facility to supervise production, and to test the quality and ingredients of the dog food. We are planning to lease warehouse space to store our dog food products. The warehouse space requires meeting processing standards and very strict quality control benchmarks.

We intend to generate revenue from the sales of super-premium dog food products to mass merchants, supermarkets, pet centers, and drug store customers, which we refer to in this section as retail customers. Our focus initially is to concentrate on the mass merchants and pet centers, because they normally do not require their retail suppliers to advance or spend funds on sales incentives and other promotional costs. In addition, these types of retail chains do not charge slotting fees for placement of products on their shelves. We will follow this strategy with refocusing our sales to supermarket and drug store customers. Revenue arrangements with supermarket and drug store customers normally include sales incentives and other promotional costs such as coupons, volume-based discounts and off-invoice discounts. In addition, we may pay "slotting fees," which are fees paid based on an oral arrangement with a supermarket customer to have our products placed on its shelves. Slotting fees are a one-time fee paid to a supermarket customer. Additional slotting fees may be incurred with a supermarket and grocery store customer in the future if additional products are sold. As we continue to build out our distribution network to the supermarket customers, we anticipate incurring additional slotting fees. We record slotting fees as a reduction of gross sales. We do not currently have sufficient funds to pay the slotting fees necessary to shelve our products with retail customers at a level necessary to sustain our operations or generate revenue and that is why we re-strategized our position to do business with the mass merchants, pet centers and drug stores.

Results of Operations for the Year Ended December 31, 2009 compared with the Year Ended 2008

The following discussion of the results of operations should be read in conjunction with our financial statements and notes thereto for the years ended December 31, 2009 and December 31, 2008 included in this Form 10-K for the year ended December 31, 2009.

For the year ended December 31, 2009, there were no sales. Revenue for the year ended December 31, 2008 consisted of the reversal of $174,884 in slotting fees. The Company closed its manufacturing activities in October 2007, as well as its manufacturing, distribution, and warehousing facilities in St. Joseph, Missouri and abandoned all of the inventory, equipment, and leasehold improvements in settlement of its lease and equipment financing obligations. The Company also terminated all but three of its active personnel at its administrative offices in Los Angeles, CA. Sales and marketing expenses increased by $698,976, which consisted of an increase of $369,500 for the contest fee, an increase of $67,253 in product research, an increase of $223,757 in consulting and research, an increase of $23,171 in PR/Website and an increase of $15,295 of other sales and marketing expenses. General and administrative expenses were reduced by $24,203. This amount consisted of the write off of $303,549 of old accrued operating expenses that on advice of our accounting staff is no longer considered due and payable, the increase of advertising costs of $77,800, a reduction of $285,000 for officers salaries, an increase of $53,062 for financing expenses, an increase of $41,134 for website and computer enhancements, an increase of $233,878 for consulting fees, an increase of $79,689 for travel, entertainment and reimbursement expenses, an increase of $60,979 of rent and facilities expenses, an increase of $27,932 for insurance expenses, an increase of $68,937 for payroll expenses, a decrease of $119,639 for professional fees and an additional increase of $40,574 of other general and administrative expenses.

Because of our lack of funding and lack of promoting our products sufficiently, we have incurred high costs while generating no revenues. As a result, we have experienced large operating losses and negative cash flow. At December 31, 2009 and December 31, 2008, we had a working capital deficit of $2,965,123 and $3,387,383, respectively, and a shareholder’s deficit of $2,921,613 and $3,348,383, respectively. We have funded our operations primarily through the issuance of equity securities and debt. Ongoing working capital requirements will primarily consist of marketing, promotional and advertising expense and reducing our liabilities. We believe that our revenue growth and future profitability will depend on the success of our funding, sales strategies with the mass merchants and pet centers and marketing strategies. Our limited operating history makes it difficult to evaluate our prospects for success and our revenue and profitability potential is unproven.

Liquidity, Capital Resources and Going Concern

The Company incurred a net loss of $2,013,798, a cash use from operations of $1,000,450 for the year ended December 31, 2009, and a working capital deficiency of $2,965,123 and a shareholder deficiency of $2,921,613 at December 31, 2009. These matters raise substantial doubt about our ability to continue as a going concern.

In their report in connection with our 2009 financial statements, our independent registered public accountants included an explanatory paragraph stating that, because we incurred a net loss of $2,013,798 and a negative cash flow from operations of $1,000,450 for the year ended December 31, 2009, and a working capital deficiency of $2,965,123 and a shareholders' deficiency of $2,921,613 at December 31, 2009, there was substantial doubt about our ability to continue as a going concern.

Our principal sources of liquidity have been sales of equity securities and borrowings. To meet our current requirements to operate, the Company is currently attempting to undertake the sale of additional common stock to raise these funds. There are currently no commitments or other known sources for this funding. If these funds are obtained, our principal uses would be to meet our debt service requirements, marketing and advertising expenditures, and operating expenses. Until cash generated from operations is sufficient to satisfy our future liquidity requirements, we are investigating purchase order and Accounts Receivable funding from different sources. In addition, we will be looking to seek additional funds through the issuance of additional common stock with another round of funding. There are currently no commitments or other known sources for this funding. If these funds are obtained, it would result in additional dilution to our stockholders. Financing may not be available in the future in amounts or on terms acceptable to us, if at all.

On October 25, 2005, the Company entered into a loan in the amount of $50,000. The loan accrues interest at 20% per annum and was due in a lump sum of principal and accrued interest on April 26, 2006. On April 21, 2006, this note was extended for an additional 60 days. Accrued interest in the amount of $18,138 and $21,888 is included in interest payable at December 31, 2008 and June 30, 2009, respectively. On June 26, 2006, this note was extended until June 30, 2009. The loan still remains unpaid as of December 31, 2009.

On November 29, 2005, the Company commenced a private placement offering of convertible notes payable. As of December 31, 2005, we had issued one note to an investor totaling $25,000 under the convertible notes payable offering. In January 2006, an additional $100,000 was subscribed and cash received. The notes carried interest at 8% and were due one-year from the closing. These notes also provided the note holder with the option to convert any or all of the principal amount of the note, including the amount of accrued interest, into the same securities and/or other consideration being acquired by investors in a subsequent financing, as defined, at a conversion rate equal to 80% of the price paid by the investors in the subsequent financing. This below market conversion rate resulted in a beneficial conversion feature of $31,250 for these notes, which was reflected as a debt discount. At the time of issuance of the shares based on the conversion option, note holders were to receive a warrant to purchase a number of shares of our common stock equal to 25% of the number of conversion shares. In March 2006, the note holders elected to convert the debt and all accrued interest to 316,667 shares of common stock. In addition, each converting holder received two-year warrants exercisable at $.50 per share of common stock. The total number of shares of our common stock underlying these warrants is 79,167. The Company recorded additional expense of $9,089 related to these warrants calculated using the options pricing model.

On August 29, 2006, the Company entered into a related party loan with an officer in the amount of $25,000. The loan accrues interest at 15% per annum and is due on demand. Accrued interest in the amount of $1,259 is included in interest payable at December 31, 2006. On June 26, 2006, this note was extended for an additional 18 months.

During the fourth quarter of 2006, the Company entered into loans with a shareholder in the aggregate amount of $400,000. The loans accrue interest at 15% per annum and are due on demand. Accrued interest in the amount of $8,630 is included in interest payable at December 31, 2008. This loan was converted into 9,062,500 shares of common stock on March 9, 2009.

During 2006, the Company borrowed additional funds of $87,500 from unrelated individuals to fund current operations. The notes are due on demand and accrue interest at 15% per annum. As of September 30, 2009 $50,000 is

still outstanding.

Historical Trends

Cash Flows from Operating Activities. We used $1,000,450 of cash flows from operating activities during the year ended December 31, 2009 compared to using $239,887 in the comparable period in 2008.

Cash Flows from Investing Activities. We used 4,920 cash flow from investing activities for the purchase of equipment during the year ended December 31, 2009. We had no cash flows from investing activities for the year ended December 31, 2008.

Cash Flows from Financing Activities. Cash flow provided by financing activities totaled $1,005,326 and $240,879 for the year ended December 31, 2009 and 2008, respectively. The primary sources of cash for the year ended December 31, 2009 were proceeds from sale of common stock of $1,010,244 net of costs, and proceeds from short-term debt, $48,991.

Critical Accounting Policies/Estimates

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. Management believes that the estimates used are reasonable. Significant estimates made by management include estimates for bad debts, excess and obsolete inventory, coupon liabilities and other trade spending liabilities.

Fair Value of Financial Instruments

The carrying amounts of the financial instruments, including cash and cash equivalents, accounts receivable, bank overdraft, accounts payable, accrued payroll and employee benefits, accrued slotting fees and other current liabilities, approximate fair value due to the short maturities of these financial instruments. The notes payable and capital lease obligations are also considered financial instruments whose carrying amounts approximate fair values.

Accounts Receivable and Allowances for Uncollectible Accounts

Credit limits are established through a process of reviewing the financial history and stability of each customer. The Company regularly evaluates the collectability of the trade receivable balances by monitoring past due balances. If it is determined that a customer will be unable to meet its financial obligation, the Company records a specific reserve for bad debts to reduce the related receivable to the amount that is expected to be recovered.

Inventories

Inventories consist of raw materials, packaging supplies and finished goods and are valued at the lower of cost (first-in, first-out (FIFO) method) or market.

Machinery, Equipment and Leasehold Improvements

Machinery and equipment are stated at cost. Significant improvements are capitalized and maintenance and repairs are expensed. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets. Machinery and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 144 “Accounting for the Impairment or Disposal of Long-Lived Assets.” The Company evaluates recoverability of property, plant and equipment to be held and used by comparing the carrying amount of an asset to estimated future net undiscounted cash flows to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Estimated useful lives are as follows:

Computer equipment	3 - 5 years

Revenue Recognition, Sales Incentives and Slotting Fees

In accordance with Staff Accounting Bulletin No. 104, Revenue Recognition ("SAB 104"), revenues are recognized upon passage of title to the customer, typically upon product pick-up, shipment or delivery to customers. The Company's revenue arrangements with its customers often include sales incentives and other promotional costs such as coupons, volume-based discounts, slotting fees and off-invoice discounts. These costs are typically referred to collectively as "trade spending". Pursuant to EITF No. 00-14, EITF No. 00-25 and EITF No. 01-09, these costs are recorded when revenue is recognized and are generally classified as a reduction of revenue. Slotting fees refer to oral arrangements pursuant to which the retail grocer allows our products to be placed on the store's shelves in exchange for a slotting fee. Given that there are no written contractual commitments requiring the retail grocers to allocate shelf space for twelve months we expense the slotting fee at the time orders are first shipped to customers.

Shipping and Freight Charges

The Company incurred costs related to shipping and handling of manufactured products, for the years ended December 31, 2009 and 2008. These costs are expensed as incurred as a component of warehouse expense. The Company also incurs shipping and handling charges related to the receipt of raw materials, which are recorded as a component of cost of goods sold. Payments received from customers for shipping and handling costs are included as a component of net sales upon recognition of the related sale.

Advertising Costs

Advertising costs, including media advertising, digital and viral marketing, web site maintenance, digital media costs, design and printing of coupons, and other advertising, which are included in sales and marketing expense, are expensed when the advertising first takes place. Advertising expenses were $58,791 and $42,045 during the years ended December 31, 2009 and December 31, 2008.

Normal Spoils Costs

Expenses for spoils that are incurred after our products are received by our customers are recorded as a reduction in gross sales. Expenses for spoils that are incurred while raw materials are stored pending orders are included in costs of good sold. The Company regularly evaluates the cost of spoils in relationship to sales to determine if its allowance is adequate. As of the years ended December 31, 2009 and December 31, 2008 the Company had not booked an allowance for these costs.

Distribution of Free Products

In order to generate interest in the Company's dog food products, the Company sends sample products to investors, prospective buyers and consumers. The costs related to these samples are expensed as sales and marketing expenses.

Accounting for obligations and instruments potentially settled in the Company's common stock

In connection with any obligations and instruments potentially to be settled in the Company's stock, the Company accounts for the instruments in accordance with EITF Issue No. 00-19, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in a Company's Own Stock. This issue addresses the initial balance sheet classification and measurement of contracts that are indexed to, and potentially settled in, the Company's stock.

Under EITF 00-19, contracts are initially classified as equity or as either assets or liabilities, depending on the situation. All contracts are initially measured at fair value and subsequently accounted for based on the then current

classification. Contracts initially classified as equity do not recognize subsequent changes in fair value as long as the contracts continue to be classified as equity. For contracts classified as assets or liabilities, the Company reports changes in fair value in earnings and discloses these changes in the financial statements as long as the contracts remain classified as assets or liabilities. If contracts classified as assets or liabilities are ultimately settled in shares, any previously reported gains or losses on those contracts continue to be included in earnings. The classification of a contract is reassessed at each balance sheet date.

Derivative instruments

In connection with the issuances of equity instruments or debt, the Company may issue options or warrants to purchase common stock. In certain circumstances, these options or warrants may be classified as liabilities, rather than as equity. In addition, the equity instrument or debt may contain embedded derivative instruments, such as conversion options or listing requirements, which in certain circumstances may be required to be bifurcated from the associated host instrument and accounted for separately as a derivative liability instrument. The Company accounts for derivative instruments under the provisions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Forward Looking Statements

This Year End Report contains forward-looking statements. These forward-looking statements include, but are not limited to, predictions regarding:

- our business plan;
- the commercial viability of our technology and products incorporating our technology;
- the effects of competitive factors on our technology and products incorporating our technology;
- expenses we will incur in operating our business;
- our liquidity and sufficiency of existing cash;
- the success of our financing plans; and
- the outcome of pending or threatened litigation.

You can identify these and other forward-looking statements by the use of words such as “may”, “will”, “expects”, “anticipates”, “believes”, “estimates”, “continues”, or the negative of such terms, or other comparable terminology Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under the heading “Risk Factors”. All forward-looking statements included in this document are based on information available to us on the date hereof. We assume no obligation to update any forward-looking statements.

The information contained in this Yearly Report is as of December 31, 2009, unless expressly stated otherwise.

As used in this report, the term Company refers to All American Pet Company, Inc., a Maryland corporation.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

As a smaller reporting company, All American Pet Company, Inc. is not required to provide the information required by this item

Item 4(T). Controls and Procedures

We conducted an evaluation, under the supervision and with the participation of management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this annual report.

Based on this evaluation, our chief executive officer and chief financial officer concluded that as of the evaluation date our disclosure controls and procedures were non-effective. Our procedures were adequately designed to ensure that the information relating to our company, including our consolidated subsidiaries, required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow for timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal controls over financial reporting based on the framework in "Internal Control Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this evaluation, management has concluded that our internal control over financial reporting was not effective as of December 31, 2008 to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Steps that the Company believes it must undertake is to retain a consulting firm to, among other things, design and implement adequate systems of accounting and financial statement disclosure controls during the current fiscal year to comply with the requirements of the SEC. We believe that the ultimate success of our plan to improve our disclosure controls and procedures will require a combination of additional financial resources, outside consulting services, legal advice, additional personnel, further reallocation of responsibility among various persons, and substantial additional training of those of our officers, personnel and others, including certain of our directors such as our committee chairs, who are charged with implementing and/or carrying out our plan.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as required in Rule 13a-15(b). In October 2007, our Controller was terminated as the result of our ceased operation. We are in the process of hiring a full time controller. We will retain a consulting firm and are conducting an evaluation to design and implement adequate systems of accounting and financial statement disclosure controls. We expect to complete this review during 2010 to comply with the requirement of the SEC. We believe that the ultimate success of our plan to improve our internal control over financial reporting will require a combination of additional financial resources, outside consulting services, legal advice, additional personnel, further reallocation of responsibility among various persons, and substantial additional training of those of our officers, personnel and others, including certain of our directors such as our Chairman of the Board and committee chairs, who are charged with implementing and/or carrying out our plan. It should also be noted that the design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Our management, including our chief executive officer and chief financial officer, does not expect that our disclosure controls or our internal control over financial reporting, or any system we design or implement in the future, will

prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Control

There have not been any changes in our internal control over financial reporting during the year ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our financial statements as of and for the years ended December 31, 2009 and 2008 are presented in a separate section of this report following Item 14 and begin with the index on page 57.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On September 11, 2007, the Board of Directors of the Company (i) dismissed Weinberg & Company P.A. (“Weinberg”) as the Company's registered independent accounting firm and (ii) appointed Hawkins Accounting“ ("Hawkins") as the registered independent accounting firm to audit the financial statements of the Company for the year ending December 31, 2007, and to review the Company’s Forms 10-QSB for the six months and nine months ending June 30, 2007 and September 30, 2007, respectively. On May 27, 2009 the company engaged Hawkins for the audit and review of the financial statements for the year ending December 31, 2009 and 2008. Weinberg did not receive the notice of dismissal until September 17, 2007.

In connection with the audits of the Company's financial statements for each of the two fiscal years ended December 31, 2006 and 2005 and in the subsequent interim periods, there were no disagreements with Weinberg on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of Weinberg, would have caused Weinberg to make reference to the matter in their reports.

The reports of Hawkins on the Company's financial statements for the Company's two most recent fiscal years did not contain an adverse opinion or disclaimer of opinion, or was modified as to audit scope, or accounting principles. The reports of Hawkins on the two most recent fiscal years did contain a modification for substantial doubt about the Company’s ability to continue as a going concern.

During the Company's two most recent fiscal years and the subsequent interim period through the date of engagement of Hawkins, the Company did not consult Hawkins regarding either (i) the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on the Company's financial statements; or (ii) any matter that was the subject of a disagreement or event identified in response to Item 304(a)(1)(iv) of Regulation S-B.

There were no reportable events as that term is described in Item 304(a)(1)(iv) (A)-(E) of Regulation S-B.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation, under the supervision and with the participation of management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this annual report.

Based on this evaluation, our chief executive officer and chief financial officer concluded that as of the evaluation date our disclosure controls and procedures were non-effective. Our procedures were adequately designed to ensure that the information relating to our company, including our consolidated subsidiaries, required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow for timely decisions regarding required disclosure.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal controls over financial reporting based on the framework in “Internal Control Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this evaluation, management has concluded that our internal control over financial reporting was not effective as of December 31, 2008 to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Steps that the Company believes it must undertake is to retain a consulting firm to, among other things, design and implement adequate systems of accounting and financial statement disclosure controls during the current fiscal year to comply with the requirements of the SEC. We believe that the ultimate success of our plan to improve our disclosure controls and procedures will require a combination of additional financial resources, outside consulting services, legal advice, additional personnel, further reallocation of responsibility among various persons, and substantial additional training of those of our officers, personnel and others, including certain of our directors such as our committee chairs, who are charged with implementing and/or carrying out our plan.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the company to provide only management's report in this annual report.

Hawkins Accounting served as All American Pet’s principal independent public accountants for fiscal year 2008. Representatives from that firm were not present at the meeting of shareholders.

Aggregate fees billed to All American Pet for the year ending December 31, 2008 and for December 31, 2007 by Hawkins Accounting were as follows:

(1) Audit Fees

The aggregate fees billed for professional services rendered by Hawkins Accounting, for the audit of our annual financial statements Form 10-K and review of the financial statements included in our Form 10-Q or services that are

normally provided by the accountant in connection with statutory and regulatory filings or engagements for fiscal years ended December 31, 2009 and December 31, 2008 were $0.00 and $10,500, respectively.

(2) Audit-Related Fees

The aggregate fees billed by Hawkins Accounting for professional services rendered for audit related for fiscal years ended December 31, 2009 and December 31, 2008 were $0.00 and $0.00.

(3) Tax Filing Related Fees

The aggregate fees billed by Hawkins Accounting for professional services rendered for tax related for fiscal years ended December 31, 2009 and December 31, 2008 were $0.00 and $0.00.

(4) Any Other Fees

The aggregate fees billed by Hawkins Accounting for professional services rendered for audit related for fiscal years ended December 31, 2008 and December 31, 2007 were $0.00 and $0.00.

Because of its inherent limitation, internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as required in Rule 13a-15(b). In October 2007, our Controller was terminated as the result of our ceased operation. We are in the process of hiring a full time controller. We will retain a consulting firm and are conducting an evaluation to design and implement adequate systems of accounting and financial statement disclosure controls. We expect to complete this review during 2010 to comply with the requirement of the SEC. We believe that the ultimate success of our plan to improve our internal control over financial reporting will require a combination of additional financial resources, outside consulting services, legal advice, additional personnel, further reallocation of responsibility among various persons, and substantial additional training of those of our officers, personnel and others, including certain of our directors such as our Chairman of the Board and committee chairs, who are charged with implementing and/or carrying out our plan. It should also be noted that the design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Our management, including our chief executive officer and chief financial officer, does not expect that our disclosure controls or our internal control over financial reporting, or any system we design or implement in the future, will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Control

There have not been any changes in our internal control over financial reporting during the quarter ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The following is certain information regarding our directors and executive officers:

Name	Position	Age	Director Since
Barry Schwartz	Chief Executive Officer, and Chairman of the Board of Directors	63	February 2003
Lisa Bershan	President, Secretary and Director	53	February 2003
Victor Hollander	Chief Financial Officer, and Director	77	May 2009

Biographical Information Regarding Directors and Nominees

Barry Schwartz has served as Chief Executive Officer, President and Chief Financial Officer and a director of the Company since its inception in February 2003. Mr. Schwartz relinquished the title of President when Lisa Bershan assumed that position in January of 2007. Mr. Schwartz is a senior retail and operations executive with more than 30 years of experience in consumer durables and food. From 1995 to 1997, Mr. Schwartz served as the President of Chorus Line Corp., where he helped launch a concept apparel chain for an apparel manufacturer. From 1997 to 1999, Mr. Schwartz served as the Vice President of Cache, Inc., a woman's apparel company, where he was responsible for the Company's profit and loss performance for the Northeast, Atlantic and Midwest territories. From 2000 to the Company's inception in 2003, Mr. Schwartz served as the President and Chief Executive Officer of Whizgrill, Inc., a quick service, casual dining restaurant chain. In that capacity, Mr. Schwartz created an upscale fast food concept that was competitive with other fast food chain stores.

Lisa Bershan has been became President in January of 2007. She also held the positions of Executive Vice President, Secretary and a director of the Company since its inception in February 2003. In 1978, Ms. Bershan founded Incredible Edibles, a chain of gourmet stores, which she sold in 1986 to Piedmont Specialty Foods. Ms. Bershan was the President and Chief Executive Officer of Incredible Edibles during this time and also served on its Board of Directors. From 1986 to 1994, Ms. Bershan served as Vice President and Director of Sales with Piedmont Specialty Foods where she helped launch numerous snack food products into major supermarket chains. In 1994, Ms. Bershan founded Lisa's Gourmet Snacks, where she served as President and Chief Executive Officer and marketed unique foods including the first baked chips under the Lisa's Incredible Edibles brand. In 1999, she founded Java Joint Candies, an unique caffeine enhanced product and served as its President and Chief Executive Officer until 2001. Ms. Bershan was a consultant between 2001 and the time she founded the Company in 2003.

Mr. Schwartz and Ms. Bershan are husband and wife.

Victor Hollander, has served as Chief Financial Officer of the Company since March 2009 and a Director since May of 2009. Mr. Hollander is a CPA, formerly the managing partner of a Florida based accounting firm's Los Angeles Office, and responsible for the firms involvement in initial and secondary public offerings, reverse mergers, corporate reorganization, acquisitions and SEC regulatory matters. Mr. Hollander brings an extensive 40+year professional background, which included opening the prominent accounting firm Brout & Company's Los Angeles Office. During his tenure, he was an engagement partner on many public companies listed on the New York, American and NASDAQ Stock Exchange. He was also a Senior Securities Partner with Lester Witte, a prominent international public accounting firm. Mr. Hollander graduated from California State University at Los Angeles with a BA in Accounting. He has served on the Securities, Ethics, Accounting and Auditing committees of the American Institute of Certified Public Accountants and The California State Society of Certified Public Accountants. Mr. Hollander is currently a member of the Board of Directors of three SEC reporting companies.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, certain officers and persons holding 10% or more of the Company's common stock to file reports regarding their ownership and regarding their acquisitions and dispositions of the Company's common stock with the SEC. Such persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To our knowledge, directors and shareholders beneficially owning 10% or greater of the outstanding shares, the Company believes that such persons have not filed pursuant to the requirements of the SEC on a timely basis.

Corporate Governance

The Company's Code of Ethics will be provided without charge to any stockholder upon written request made to Secretary, All American Pet Company, Inc., 9601Wilshire Boulevard, Suite M200, Beverly Hills, California 90210. The information on our website is not, and shall not be deemed to be, a part of this proxy statement or incorporated by reference into this or any other filing we make with the SEC.

Because of our small size and limited resources, we do not presently have an Audit Committee, Compensation Committee or Nominating/Corporate Governance Committee. Our board of directors, consisting of Mr. Schwartz, Ms. Bershan and Mr. Hollander, acts as whole, functions in these roles. Neither Mr. Schwartz, Ms. Bershan nor Mr. Hollander are independent as defined under NASDAQ Marketplace rules. The Company intends to seek independent directors and create standing committees of the board as the Company's growth and financial conditions warrants.

We have adopted a code of ethics that applies to our principal executive officer and acting principal accounting officer or persons performing similar functions (as well as our other employees, if any, and directors).

Meetings of the Board

The Board acted by written consent twelve times during 2009. Mr. Schwartz, Ms. Bershan and Mr. Victor Hollander attended 75% or more of the aggregate number of meetings of the Board and committees on which the director served in 2009.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the cash compensation of the Company's executive officers during the last fiscal year of the Company. The remuneration described in the table does not include the cost to the Company for benefits if any furnished to the named executive officers, including premiums for health insurance and other benefits provided to such individuals that are extended in connection with the conduct of the Company's business.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year Ended December 31,	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compen-sation ($)	Nonqualified Deferred Compen-sation Earnings ($)	All Other Compen-sation ($)	Total ($)
Barry Schwartz, CEO/Director	2008	$150,000(1)	-0-	$237,500(3)	-0-	-0-	-0-	$125,000(2)	$362,50
	2009	$150,000	-0-	-0-	-0-	-0-	-0-	-0-	$150,00
Lisa Bershan, President/Director	2008	$150,000(1)	-0-	$237,500(3)	-0-	-0-	-0-	$118,750(2)	$362,50
	2009	$150,000	-0-	-0-	-0-	-0-	-0-	-0-	$150,000

(1) Management has agreed to accrue or partially accrue the salaries until the Company has raised sufficient capital or generate sufficient revenue through operations to make such payments.
(2) Received 2,500,000 warrants to purchase shares of our common stock at $0.17 per share and expire on August 23, 2018.
(3) Received 2,375,000 shares of Common stock at $0.06 per share as a signing bonus.

Employment Agreements

On August 24, 2008, All American Pet executed five and one-half-year Employment Agreements with Mr. Barry Schwartz, as CEO and Director and Ms. Lisa Bershan, as President and Director.

Barry Schwartz

Pursuant to the August 24, 2008 Employment Agreement, All American Pet agreed to compensate Mr. Schwartz with a salary of $150,000 per year for his services. In addition, Mr. Schwartz received 2,375,000 shares of Common stock as a signing bonus, Mr. Schwartz was also received 2,500,000 warrants and other forms of incentive compensation. Mr. Schwartz was also entitled to health insurance and such other bonus and incentives as the Board of Directors, in its discretion, should authorize.

Lisa Bershan

Pursuant to the August 24, 2008 Employment Agreement, All American Pet agreed to compensate Ms. Bershan with a salary of $150,000 per year for her services. In addition, Ms. Bershan received 2,375,000 shares of Common stock as a signing bonus; she also received 2,500,000 warrants and other forms of incentive compensation. Ms. Bershan was also entitled to health insurance and such other bonus and incentives as the Board of Directors, in its discretion, should authorize.

Director Compensation

Directors currently do not receive any cash compensation for serving on the Board of Directors, or for any other services rendered to the Company in their capacity as a director of the Company, but are reimbursed for expenses they incur in connection with their attendance.

Certain Relationships and Related Transactions

As of December 31, 2009 and 2008, we owed a total of $0 and $0, respectively, to the officers of the Company for reimbursement of expenses.

As of December 31, 2008 and 2007, we owed a total of $163,677 and $125,000, respectively, to the officers of the Company for accrued salaries.

Equity Compensation Plans

We do not have any equity compensation plans in effect for any of our directors, officers or other employees.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information regarding the beneficial ownership of shares of the Company's common stock as of December 2, 2010 by (i) all stockholders known to the Company to be beneficial owners of more than 5% of the outstanding common stock; (ii) each director and executive officer of the Company individually and (iii) all directors and executive officers of the Company as a group:

Name and address of beneficial owner(1)	Amount of Beneficial Ownership(2)	Percent of Class(3)
5% Holders		
Barry Schwartz	14,985,584	15.68%
Lisa Bershan	12,900,372	13.50%
Directors and Officers		
Barry Schwartz (4) (5) 9601 Wilshire Blvd., Suite M200 Beverly Hills, CA 90210	14,958,584	15.68%
Lisa Bershan (4) (5)	12,875,372	13.50

9601 Wilshire Blvd., Suite M200 Beverly Hills, CA 90210		
Victor Hollander 9601 Wilshire Blvd., Suite M200 Beverly Hills, CA 90210	2,500,000	2.62%
All executive officers and directors as a group (three persons).	30,385,956	31.80%

1. Except as noted in any footnotes below, each person has sole voting power and sole dispositive power as to all of the shares shown as beneficially owned by them.
2. Other than as footnoted below, none of these security holders has the right to acquire any amount of the shares within 60 days following December 2, 2009 from options, warrants, convertible securities or similar obligations.

3. Percentage ownership is based on 95.551,926 shares of common stock outstanding on December 31, 2009. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to options, warrants and convertible notes currently exercisable or convertible, or exercisable or convertible within 60 days, are deemed outstanding for determining the number of shares beneficially owned and for computing the percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage ownership of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.
4. Mr. Schwartz and Ms. Bershan are husband and wife.
5. Mr. Schwartz and Ms. Bershan are husband and wife.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

In May 2003, the Company borrowed $20,000 pursuant to a promissory note issued to an individual. The note provided for interest at 8% per annum, and for the delivery of warrants to purchase 10,000 shares of the Company's common stock at an exercise price of $.01 per share. In February 2004, Barry Schwartz and Lisa Bershan agreed to assume all obligations under this note, and were under the understanding that the creditor had agreed to release the Company from any obligations under the note. In September 2006, the creditor approached the Company for the repayment of the loan, and claimed that he had never released the Company. On November 3, 2006, a settlement was reached by which the creditor would receive $20,000 and 10,000 shares of the Company's common stock as full satisfaction of all the obligations under the note. Mr. Schwartz agreed (i) to transfer to the creditor 10,000 shares of the Company's common stock owned by Mr. Schwartz, and (ii) to reduce by $20,000 the amount he is owed by the Company for prior salary accrued, and the Company paid this $20,000 to the creditor.

On October 25, 2005, the Company entered into a loan with Rita Bershan, the mother of Lisa Bershan, the Executive Vice President, Secretary and a Director of the Company, in the amount of $50,000. The loan carried interest at 20% and was due in a lump sum of principal and accrued interest on April 26, 2006. On April 21, 2006, this note was extended for an additional 60 days. On June 26, 2006, this loan was extended until December 31, 2007 at an interest rate of 20%. On September 28, 2007, the Company converted $20,000 of the principal balance and all accrued interest of $19,266 into 261,772 shares of common stock. On October 28, 2007 the Company converted $30,000 of the remaining balance into 311,000 shares of common stock.

On August 29, 2006, the Company borrowed $25,000 from Mr. Schwartz. The loan accrues interest at 15% per annum and is due on demand. Accrued interest in the amount of $1,259 is included in interest payable at December 31, 2006. On June 26, 2006, this note was extended for an additional 18 months. The Company made payments in the aggregate amount of $14,962 during the period ended December 31, 2008 and $10,038 remained outstanding. On May 5, 2009 the Company borrowed $500 from Mr. Schwartz bringing his outstanding balance as of December 31, 2009 to $10,538.

During the fourth quarter of 2006, the Company entered into loans arranged by Mr. Kirsch for $400,000, for the benefit of his clients. The loans accrue interest at 15% per annum and are due on demand. On March 31, 2009 Mr. Kirsch’s loan for $400,000 and accrued interest of $142,500 was converted into 9,041,667 shares.

Director Independence

Our Board of Directors is made up of Barry Schwartz, Lisa Bershan and Victor Hollander, who also serve as the Company's Chief Executive Officer and President, and Chief Financial Officer respectively. Since we are not

currently subject to corporate governance standards relating to the independence of our directors, we choose to define an "independent" director in accordance with the NASDAQ Global Market's requirements for independent directors (NASDAQ Marketplace Rule 4200). The Board has determined that neither Mr. Schwartz nor Ms. Bershan is independent as defined under NASDAQ Marketplace rules.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Hawkins Accounting served as All American Pet's principal independent public accountants for fiscal year 2008. Representatives from that firm were not present at the meeting of shareholders.

Aggregate fees billed to All American Pet for the year ending December 31, 2009 and December 31, 2008 by Hawkins Accounting were as follows:

(1) Audit Fees

The aggregate fees billed for professional services rendered by Hawkins Accounting, for the audit of our annual financial statements involved in our Form 10-K and review of the financial statements included in our Form 10-Q or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for fiscal years ended December 31, 2009 and December 31, 2008 were $21,000 and $22,500, respectively.

(2) Audit-Related Fees

The aggregate fees billed by Hawkins Accounting for professional services rendered for audit related for fiscal years ended December 31, 2009 and December 31, 2008 were $21,000 and $22,500.

(3) Tax Filing Related Fees

The aggregate fees billed by Hawkins Accounting for professional services rendered for tax related for fiscal years ended December 31, 2009 and December 31, 2008 were $0.00 and $0.00.

(4) Any Other Fees
The aggregate fees billed by Hawkins Accounting for professional services rendered for audit related for fiscal years ended December 31, 2009 and December 31, 2008 were $0.00 and $0.00.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report:
Financial Statements:

(i) The consolidated financial statements of All American Pet Company, Inc. under Item 8 of this Annual Report are listed on the “Index to Consolidated Financial Statements” on page F-1 of this report.

(b) Exhibits: The exhibits listed below are required by Item 601 of Regulation S-B.

			Incorporated by reference		
Exhibit Number	Exhibit Description	Filed herewith	Form	Period ending	Exhibit	Filing date
2.1	Agreement and Plan of Merger of All American Pet Company Inc., a New York corporation and All American Pet Company, Inc., a Maryland corporation, effective as of January 23, 2006.		SB-2		2.1	06/23/06
3.1	Certificate of Incorporation filed with the New York Secretary of State on February 14, 2003.		SB-2		3.1	06/23/06
3.2			SB-2		3.2	06/23/06

	Certificate of Amendment to Certificate of Incorporation filed with the New York Secretary of State on January 26, 2006.			
3.3	Articles of Incorporation filed with the State of Maryland Department of Assessments and Taxation on January 4, 2006.	SB-2	3.3	06/23/06
3.4	Articles Supplementary filed with the State of Maryland Department of Assessments and Taxation on January 11, 2006.	SB-2	3.4	06/26/06
3.5	Certificate of Merger filed with the New York Secretary of State on January 27, 2006.	SB-2	3.5	06/26/06
3.6	Articles of Merger filed with the State of Maryland Department of Assessments and Taxation on January 27, 2006.	SB-2	3.6	06/26/06

Exhibit Number	Exhibit Description	Filed herewith	Incorporated by reference Form	Period ending	Exhibit	Filing date
4.1	Specimen Common Stock Certificate.		10-KSB	12/31/06	4.1	07/17/07
4.2	Specimen Series A Preferred Stock Certificate.		10-KSB	12/31/06	4.2	07/17/07
4.3	Agreement, effective November 30, 2005, by and between the Company and Nortia Capital Partners, Inc.		SB-2/A-3		4.3	12/28/06
10.1	Equipment Lease Agreement dated March 8, 2006 by and between Bev-Lin Enterprises, Inc. and All American Pet		SB-2		10.1	06/23/06
10.2	Form of Subscription Agreement.		SB-2		0.2	06/23/06
10.3	Letter Agreement with L. Phillips Brown.		SB-2		10.3	06/23/06
10.4	Lease Agreement dated January 18, 2005for rental of office premises.		SB-2		10.4	06/23/06
10.5	Lease Agreement dated March 6, 2006for rental of warehouse space.		SB-2/A-3		10.5	12/28/06
10.6	Loan Agreement dated as of April 27, 2004, by and between the Company and George LaCapra.		SB-2		10.6	06/23/06
10.7	Broker Agreement dated August 1, 2006 between Crossmark, Inc. and All American Pet Company, Inc.		SB-2		10.7	06/23/06
10.8	Loan Agreement dated as of August 29, 2006 by and between the Company and Barry Schwartz.		10-KSB	12/31/06	10.8	07/17/07
10.9	Loan Agreement dated as of October 10, 2006 by and between the Company and Eckard Kirsch.		10-KSB	12/31/06	10.9	07/17/07
10.10	Loan Agreement dated as of October 27, 2006 by and between the Company and Eckard Kirsch.		10-KSB	12/31/06	10.10	07/17/07

10.11	Loan Agreement dated as of November 7, 2006 by and between the Company and Eckard Kirsch.	10-KSB	12/31/06	10.11	07/17/07
10.12	Loan Agreement dated as of November 21, 2006 by and between the Company and Eckard Kirsch.	10-KSB	12/31/06	10.12	07/17/07
10.13	Loan Agreement dated as of December 27, 2006 by and between the Company and Eckard Kirsch.	10-KSB	12/31/06	10.13	07/17/07
10.14	Standard Sublease dated July 21, 2008	10-K	12/31/08	10.14	12/23/09
10.15	Addendum No. 1 to Standard Sublease dated July 21, 2008	10-K	12/31/08	10.15	12/23/09
10.16	Debt Conversion Agreement – Barry Schwartz – Dated June 20, 2008	10-K	12/31/08	10. 16	12/23/09
10.17	Debt Conversion Agreement – Lisa Bershan – Dated June 20, 2008	10-K	12/31/08	10.17	12/23/09
10.18	Employment Agreement – Barry Schwartz – Dated August 24, 2008	10-K	12/31/08	10.18	12/23/09
10.19	Employment Agreement – Lisa Bershan – Dated August 24, 2008	10-K	12/31/08	10.19	12/23/09
10.20	Warrant Agreement – Barry Schwartz – Dated August 24, 2008	10-K	12/31/08	10.20	12/23/09

Exhibit Number	Exhibit Description	Filed herewith	Incorporated by reference Form	Period ending	Exhibit	Filing date
10.21	Warrant Agreement – Lisa Bershan – Dated August 24, 2008		10-K	12/31/08	10.21	12/23/09
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act	X				
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act	X				
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act	X				
32.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act	X				

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALL AMERICAN PET COMPANY, INC.

Date: August 18, 2010

By: / S / BARRY SCHWARTZ
Barry Schwartz
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the date indicated:

Name	Title	Date
/ S / BARRY SCHWARTZ Barry Schwartz	Chairman of the Board, Chief Executive Officer	August 18, 2010
	President, Director	

/ S / L I S A BERHSAN Lisa Bershan		August 18, 2010
/S/ VICTOR HOLLANDER Victor Hollander	Chief Financial Officer	August 18, 2010

ALL AMERICAN PET COMPANY, INC.

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FOR THE YEAR ENDED DECEMBER 31, 2009

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R.R. Hawkins & Associates International, a Professional Service Corporation

DOMESTIC & INTERNATIONAL BUSINESS CONSULTING

A superior method to building big business…"

To the Board of Directors and Shareholders
All American Pet Company, Inc.
Los Angeles, California

Report of Independent Registered Public Accounting Firm

We have audited the consolidated balance sheets of All American Pet Company, Inc. as of December 31, 2009 and 2008, and the related statements of operations and cash flows for the years ending December 31, 2009 and 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All American Pet Company, Inc. as of December 31, 2009 and 2008, the results of operations and its cash flows for the years ended December 31, 2009 and 2008 in conformity with generally accepted accounting principles in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in note 1 to the financial statements, the Company has incurred net losses since inception, retained deficit and negative working capital, which raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 15 to the consolidated financial statements, the accompanying consolidated balance sheets as of December 31, 2009 and 2008, and the related consolidated statements of operations, cash flows, and stockholders' equity and comprehensive income for each of the years in the three year period ended December 31, 2009 have been restated.

/s/ R. R. Hawkins and Associates International, a PSC
August 12, 2010
Los Angeles, CA

5777 W. Century Blvd., Suite No. 1500
Los Angeles, CA 90045
T: 310.553.5707 F: 310.553.5337

ALL AMERICAN PET COMPANY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS RESTATEMENT
For the Years Ended December 31, 2009 and December 31, 2008

	December 31, 2009	December 31, 2008
ASSETS		
Current Assets		
Cash	$948	$992
Inventory assets	730	-
Prepaid expenses	210,096	228,365
Total Current Assets	211,774	229,357
Machinery and equipment, net	4,510	-
Other Assets	39,000	39,000
TOTAL ASSETS	$255,284	$268,357
LIABILITIES & SHAREHOLDERS' DEFICIT		
Current liabilities:		
Book overdraft	$-	$10,595
Accounts payable	1,584,952	1,615,618
Current portion prize	16,500	-
Accrued officers salaries	163,677	125,000
Advances from (to) officer	-	22,323
Accrued payroll	-	79,643
Accrued payroll taxes	653,747	594,683
Net present value contest prize obligation	336,500	-
Notes payable - others	288,800	781,800
Note payable - officer	10,538	10,038
Accrued interest	122,183	241,440
Dividends payable	-	135,600
Accrued liabilities- other	-	-
Total current liabilities	3,176,897	3,616,740
Total Liabilities	3,176,897	3,616,740
COMMITMENTS AND CONTINGENCIES		
Shareholders' deficit:		
Preferred shares, $0.001 par value, 10,000,000 shares authorized		
Series A Preferred shares, 56,500 shares issued and outstanding 8% cumulative dividend redeemable by the Company at $10 per share plus one share of Common stock and any unpaid dividends	-	565,000
Common Shares, $0.001 par value, 50,000,000 shares authorized; 50,900,164 issued and outstanding December 31, 2008; 21,203,260 issued and outstanding December 31, 2007	96,024	50,900
Additional Paid In Capital	8,329,903	5,300,259
Less subscription receivable	(70,000)	
Accumulated Deficit	(11,277,540)	(9,264,542)

Total Shareholders' Deficit	(2,921,613)	(3,348,383)
TOTAL LIABILITIES & SHAREHOLDERS' DEFICIT	$255,284	$268,357

The accompanying notes are an integral part of these statements.

ALL AMERICAN PET COMPANY, INC.
STATEMENTS OF OPERATIONS RESTATEMENT
For the Years Ended December 31, 2009 and December 31, 2008

	December 31, 2009	December 31, 2008
Sales	$-	$-
Slotting fees - write-off	0	(174,884)
Net sales	0	174,884
Cost of Goods Sold	0	0
Gross (Loss) Profit	0	174,884
Operating expenses		
Sales and Marketing	887,028	188,052
General and administrative	1,068,272	1,092,476
Other	250	345
Total operating expenses	1,955,550	1,280,873
Loss from operations	(1,955,550)	(1,105,989)
Loss from abandonment of assets	0	14,923
Other income interest	30	
Interest Expense	57,478	126,577
Income (loss) before income taxes	(2,012,998)	(1,247,489)
Provision for income taxes	800	800
Net loss	(2,013,798)	(1,248,289)
Preferred stock dividend	0	45,200
Net loss attributable to common stockholders	$(2,013,798)	$(1,293,489)
Net loss per common share	$(0.03)	$(0.04)
Weighted average number of common shares outstanding (basic and diluted)	62,459,415	33,315,172

The accompanying notes are an integral part of these statements.

ALL AMERICAN PET COMPANY, INC.
STATEMENT OF SHAREHOLDERS' EQUITY RESTATEMENT
For the Years Ended December 31, 2009 and December 31, 2008

	COMMON SHARES	COMMON SHARES - TO BE ISSUED	COMMON SHARES AMOUNT	COMMON SHARES TO BE ISSUED AMOUNT	WARRANTS	WARRANTS AMOUNT	SERIES A PREFERRED SHARES	SERIES A PREFERRED AMOUNT
BALANCE AT								
December 31, 2007	18,913,260	2,290,000	18,913	$ 2,290	-	$ -	56,500	$ 565,000
Stock to be issued through private placement		2,695,997		$ 2,696	--	--	--	--
Stock issued to employees	750,000	--	750	--	--	--	--	--
Stock issued to consultants for website expenses	1,012,000	--	1,012	--	--	--	--	--
Stock issued to vendor for facilities rental	150,000	--	150	--	--	--	--	--
Stock issued to vendor for advertising	700,000	--	700	--	--	--	--	--
Stock issued to professionals for financing expense	1,702,000	--	1,702	--	--	--	--	--
Stock issued to professional firms for services rendered	2,160,000	--	2,160	--	--	--	--	--

The accompanying notes are an integral part of these statements.

ALL AMERICAN PET COMPANY, INC.
STATEMENT OF SHAREHOLDERS' EQUITY RESTATEMENT –CONTINUED-
For the Years Ended December 31, 2009 and December 31, 2008

	COMMON SHARES	COMMON SHARES - TO BE ISSUED	COMMON SHARES AMOUNT	COMMON SHARES TO BE ISSUED AMOUNT	WARRANTS	WARRANTS AMOUNT	SERIES A PREFERRED SHARES	SERIES A PREFERRED AMOUNT
Warrants issued to officers	--	--	--	--	5,000,000	237,500	--	--
Stock issued to executive officers-signing bonus	4,750,000		4,750					
Conversion of Accrued Officers Salaries	15,776,956		15,777					
Series A Preferred Stock Dividends	--	--	--	--	--	--	--	--
Net loss	--	--	--	--	--	--	--	--
BALANCE AT December 31, 2008	45,914,216	4,985,997	$ 45,914	$ 4,986	5,000,000	$ 237,500	56,500	$ 565,000
Series A Preferred Stock Conversions	5,025,000		5,025				(56,500)	$ (565,000)
Conversion of note payable-unrelated party	9,955,594		9,956					
Stock issued for employee	50,000		50					

bonus

The accompanying notes are an integral part of these statements.

ALL AMERICAN PET COMPANY, INC.
STATEMENT OF SHAREHOLDERS' EQUITY RESTATEMENT –CONTINUED-
For the Years Ended December 31, 2009 and December 31, 2008

	COMMON SHARES	COMMON SHARES - TO BE ISSUED	COMMON SHARES AMOUNT	COMMON SHARES TO BE ISSUED AMOUNT	WARRANTS	WARRANTS AMOUNT	SERIES A PREFERRED SHARES	SERIES A PREFERRED AMOUNT	A
Stock issued for consulting fee to various vendors	10,293,150		10,293						
Common Stock subscription receivable									
Stock issued through private placement	19,800,114		19,800						
Stock to be issued through private placement	4,513,856	(4,513,856)	4,514	(4,514)			--	--	
Warrants issued through private placement					1,800,000	144,000			
Net loss	--	--	--	--			--	--	
BALANCE AT December 31, 2009	95,551,930	472,141	$95,552	$472	6,800,000	$381,500	-	-	

The accompanying notes are an integral part of these statements.

ALL AMERICAN PET COMPANY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS RESTATEMENTS
For the Years Ended December 31, 2009 and December 31, 2008

	December 31, 2009	December 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(2,013,798)	$(1,293,489)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	410	20,117
Loss on abandonment of assets		14,923
Common shares issued for services	620,588	388,440
Shares Issued (Senior Management Signing Bonus)		285,000
(Increase) decrease in:		
Accounts recievable		6,674
Inventory	(730)	
Accrued interest receivable	190,174	(45,762)
Other assets	0	(29,640)
Increase (decrease) in:		
Accounts payable	(30,666)	110,973
Accounts payable related party		
Accrued officer/consulting salaries	38,677	300,001
Prepaid expenses	(18,269)	228,365
Accrued payroll	(79,643)	(45,000)
Accrued payroll taxes	59,064	59,804
Accrued slotting fees		(181,403)
Accrued interest	(119,257)	98,548
Other current liabilities	353,000	(157,438)
NET CASH USED IN OPERATING ACTIVITIES:	(1,000,450)	(239,887)
CASH FLOW (USED) FROM INVESTING ACTIVITIES:		
Purchases - equipment	(4,920)	
NET CASH FLOW USED BY INVESTING ACTIVITIES:	(4,920)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bank overdraft	(10,595)	3,780
Proceeds from sale of common shares	1,010,244	220,175
Proceeds from notes payable - others	48,991	6,800
Repayment of notes payable - others	(21,491)	(1,138)
Proceeds from notes payable - officers	500	0
Repayment of notes payable - officers		
Advances to (from) officers	(22,323)	11,262
NET CASH PROVIDED BY FINANCING ACTIVITIES:	$1,005,326	$240,879
Increase (decrease) in cash and cash equivalents	$(44)	$992
Cash at beginning of period	992	0
CASH AT END OF PERIOD	$948	$992

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
CASH PAID DURING THE PERIOD FOR:		
Interest	$-	$-
Income Taxes	$800	$800
NON-CASH FINANCING ACTIVITES:		
Shares issued to employees	$50	$750
Shares issued to professionals for financing expense	$-	$1,702
Shares issued to vendors in settlement of balance owed	$-	$850
Shares issued to consultants for website expense	$-	$1,012
Shares issued to professionals for services rendered	$617,588	$2,160
Dividends payable on Series A preferred shares reversed	$(135,600)	$45,200
Shares issued to executive officers		$4,750

The accompanying notes are an integral part of these statements.

ALL-AMERICAN PET COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

1. ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

All-American Pet Company, Inc. was incorporated in New York in 2003 as a Subchapter S Corporation under the Internal Revenue Code of 1986. The Company produces markets and sells premium dog food primarily through supermarkets and grocery stores under the brand name Bowwow Breakfast Cereal™ (Bowwow Breakfast) in the United States. The Company developed the first line of commercial dog food specifically targeted for the morning meal.

On January 27, 2006, All-American Pet Company Inc., a New York corporation, merged with and into All American Pet Company, Inc., a Maryland corporation. Prior to the merger, the Company amended the shareholder agreements to accommodate new investors. In addition, two of the four shareholders at December 31, 2005 converted their common shares into Series A preferred shares (see Note 11). In March 2009, the preferred shares were converted into 5,000,000 shares of common shares.

Unless the context otherwise requires, references in these financial statements to the "Company" refer to All American Pet Company, Inc., a Maryland corporation, and its predecessor, All-American Pet Company Inc., a New York corporation. All financial statements give effect to this reincorporation as if it occurred at the beginning of the period.

Basis of Presentation

The financial statements have been presented on a going concern basis, which contemplates, but does not include adjustments for the realization of assets and satisfaction of liabilities in the normal course of business. The Company has a limited operating history and limited funds. As shown in the financial statements, the Company incurred a net loss of $2,013,798 and a cash flow (used) from operations of $(1,000,450) for the year ended December 31, 2009, and had a working capital deficit of $2,965,123 and shareholders' deficit of $2,921,613 as of December 31, 2009. These factors raised substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company believes that it is appropriate for the financial statements to be prepared on a going concern basis.

The Company is dependent upon outside financing to continue operations. It is management's plans to raise necessary funds via a private placement of its common stock to satisfy the capital requirements of the Company's business plan. There is no assurance that the Company will be able to raise necessary funds or if it is successful in raising the necessary funds, which the Company will successfully implement its business plan. The Company's continuation as a going concern is dependent on the Company's ability to raise additional funds through a private placement of its common stock sufficient to meet its obligations on a timely basis and ultimately to attain profitable operations.

Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

Management believes that the estimates used are reasonable. Significant estimates made by management include estimates for bad debts, excess and obsolete inventory, coupon liabilities and other trade spending liabilities.

Cash Equivalents

Cash equivalents consist of highly liquid investments with maturities at the date of purchase of 90 days or less.

ALL-AMERICAN PET COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Fair Value of Financial Instruments
The carrying amounts of the financial instruments, including cash and cash equivalents, accounts receivable, bank overdraft, accounts payable, accrued payroll and employee benefits, accrued slotting fees and other current liabilities, approximate fair value due to the short maturities of these financial instruments. The notes payable and capital lease obligations are also considered financial instruments whose carrying amounts approximate fair values.

Accounts Receivable and Allowances for Uncollectible Accounts
Credit limits are established through a process of reviewing the financial history and stability of each customer. The Company regularly evaluates the collectability of the trade receivable balances by monitoring past due balances. If it is determined that a customer will be unable to meet its financial obligation, the Company records a specific reserve for bad debts to reduce the related receivable to the amount that is expected to be recovered.

Inventories
Inventories consist of raw materials, packaging supplies and finished goods and are valued at the lower of cost (first-in, first-out (FIFO) method) or market.

Machinery, Equipment and Leasehold Improvements
Machinery and equipment are stated at cost. Significant improvements are capitalized and maintenance and repairs are expensed. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets. Machinery and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets." The Company evaluates recoverability of property, plant and equipment to be held and used by comparing the carrying amount of an asset to estimated future net undiscounted cash flows to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Estimated useful lives are as follows:
Computer equipment 3 - 5 years

Revenue Recognition, Sales Incentives and Slotting Fees
In accordance with Staff Accounting Bulletin No. 104, Revenue Recognition ("SAB 104"), revenues are recognized upon passage of title to the customer, typically upon product pick-up, shipment or delivery to customers. The Company's revenue arrangements with its customers often include sales incentives and other promotional costs such as coupons, volume-based discounts, slotting fees and off-invoice discounts. These costs are typically referred to collectively as "trade spending". Pursuant to EITF No. 00-14, EITF No. 00-25 and EITF No. 01-09, these costs are recorded when revenue is recognized and are generally classified as a reduction of revenue. Slotting fees refer to oral arrangements pursuant to which the retail grocer allows our products to be placed on the store's shelves in exchange for a slotting fee. Given that there are no written contractual commitments requiring the retail grocers to allocate shelf space for twelve months we expense the slotting fee at the time orders are first shipped to customers.

Shipping and Freight Charges
The Company incurs costs related to shipping and handling of manufactured products. These costs are expensed as incurred as a component of warehouse expense. The Company also incurs shipping and handling charges related to the receipt of raw materials, which are recorded as a component of cost of goods sold. Payments received from

customers for shipping and handling costs are included as a component of net sales upon recognition of the related sale. The Company ceased the manufacturing portion of its operations in October of 2007, as a result no expenses were incurred.

Advertising Costs

Advertising costs, including media advertising, design and printing of coupons, and other advertising, which are included in sales and marketing expense, are expensed when the advertising first takes place. Advertising expenses were $58,791 and $42,045 during the years ended December 31, 2009 and December 31, 2008.

ALL-AMERICAN PET COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Normal Spoils Costs
Expenses for spoils that are incurred after our products are received by our customers are recorded as a reduction in gross sales. Expenses for spoils that are incurred while raw materials are stored pending orders are included in costs of good sold. The company booked no expenses for spoils during the years ended December 31, 2009 and December 31, 2008.

Research and Development Costs
Research and development costs are expensed as incurred.

Distribution of Free Products
In order to generate interest in the Company's dog food products, the Company sends free products (sample products) to investors, prospective buyers and consumers. The costs related to these samples are expensed as sales and marketing expenses. During the years ended December 31, 2009 and December 31, 2008, the Company incurred no expenses related to samples.

Net Loss Attributable to Common Shareholders
Net loss per share is calculated using the weighted average number of common shares outstanding for the period and diluted loss per share is computed using the weighted average number of common shares and dilutive common equivalent shares outstanding. There was a weighted average number of common stock shares outstanding of 62,459,415 at December 31, 2009 and 33,315,172 at December 31, 2008. Net loss per share and diluted net loss per share are the same for all periods presented because common equivalent shares of 10,709,115 and 13,422,971 for the years ended December 31, 2009 and 2008, respectively, were not used in the computation of net loss per share because the results would be anti-dilutive. The common equivalent shares are a result of warrants issued for convertible debt.

Accounting for obligations and instruments potentially settled in the Company's common stock
In connection with any obligations and instruments potentially to be settled in the Company's stock, the Company accounts for the instruments in accordance with EITF Issue No. 00-19, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in a Company's Own Stock. This issue addresses the initial balance sheet classification and measurement of contracts that are indexed to, and potentially settled in, the Company's stock.

Under EITF 00-19, contracts are initially classified as equity or as either assets or liabilities, depending on the situation. All contracts are initially measured at fair value and subsequently accounted for based on the then current classification. Contracts initially classified as equity do not recognize subsequent changes in fair value as long as the contracts continue to be classified as equity. For contracts classified as assets or liabilities, the Company reports changes in fair value in earnings and discloses these changes in the financial statements as long as the contracts remain classified as assets or liabilities. If contracts classified as assets or liabilities are ultimately settled in shares, any previously reported gains or losses on those contracts continue to be included in earnings. The classification of a contract is reassessed at each balance sheet date.

Derivative instruments
In connection with the issuances of equity instruments or debt, the Company may issue options or warrants to purchase common stock. In certain circumstances, these options or warrants may be classified as liabilities, rather than as equity. In addition, the equity instrument or debt may contain embedded derivative instruments, such as conversion options or listing requirements, which in certain circumstances may be required to be bifurcated from the associated

host instrument and accounted for separately as a derivative liability instrument. The Company accounts for derivative instruments under the provisions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities.

ALL-AMERICAN PET COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Comprehensive Income Reporting
SFAS No. 130, “Reporting Comprehensive Income” establishes standards for reporting and displaying comprehensive income and its components in a full set of general-purpose financial statements. The objective of SFAS No. 130 is to report a measure of all changes in the equity of an enterprise that result from transactions and other economic events of the period other than transactions with owners. Comprehensive loss did not differ from currently reported net loss in the periods presented.

2. RECENT ACCOUNTING PRONOUNCEMENTS

References to the “ASC”, "FASB", "SFAS" and "SAB" herein refer to the “Accounting Standard Codification”, "Financial Accounting Standards Board", "Statement of Financial Accounting Standards", and the "SEC Staff Accounting Bulletin", respectively.

Effective January 1, 2007, the Company adopted Financial Accounting Standard Board Interpretation No. 48, “Accounting for Uncertainty in Income Taxes (“FIN 48”), an interpretation of FASB Statement No. 109, Accounting for Income Taxes.” The Interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition, classification, interest and penalties on income taxes, account in interim periods and requires increased disclosures. At the date of adoption, and as of December 31, 2007, the Company does not have a liability for unrecognized tax benefits.

The Company files income tax returns in the U.S. federal jurisdiction and various states. The Company is subject to U.S. federal or state income tax examinations by tax authorities for years after 2006. During the periods open to examination, the Company has net operating loss (NOL) and tax credit carry forwards for U.S. federal and state tax purposes that have attributes from closed periods. Since these NOLs and tax credit carry forwards may be utilized in future periods, they remain subject to examination.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which provides enhanced guidance for using fair value to measure assets and liabilities. SFAS No. 157 provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. SFAS No. 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings.

SFAS No. 157 is effective for financial statements issued in fiscal years beginning after November 15, 2007 and to interim periods within those fiscal years. The Company is currently in the process of evaluating the effect, if any, the adoption of SFAS No. 157 will have on its results of operations, financial condition, cash flows or disclosures through December 31, 2008.

In February 2007, the FASB issued SFAS No. 159, “Fair Value Option for Financial Assets and Financial Liabilities”, which permits entities to choose to measure many financial instruments and certain other items at fair value that are

not currently required to be measured at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company did not adopt SFAS No. 159 on any individual instrument as of January 1, 2008.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R is a revision to SFAS No. 141 and includes substantial changes to the acquisition method used to account for business combinations (formerly the "purchase accounting" method), including broadening the definition of a business, as well as revisions to accounting methods for contingent consideration and other contingencies related to the acquired business, accounting for transaction costs, and accounting for adjustments to provisional amounts recorded in connection with acquisitions. SFAS No. 141R retains the fundamental requirement of SFAS No. 141 that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. SFAS 141R is effective for periods beginning on or after December 15, 2008, and will apply to all business combinations occurring after the effective date. The Company is currently evaluating the requirements of SFAS 141R.

The FASB also issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin No. 51, Consolidated Financial Statements" in December 2007. This statement amends ARB No. 51 to establish new standards that will govern the (1) accounting for and reporting of non-controlling interests in partially owned consolidated subsidiaries and (2) the loss of control of subsidiaries. Non-controlling interest will be reported as part of equity in the consolidated financial statements. Losses will be allocated to the non-controlling interest, and, if control is maintained, changes in ownership interests will be treated as equity transactions. Upon a loss of control, any gain or loss on the interest sold will be recognized in earnings. SFAS No. 160 is effective for periods beginning after December 15, 2008.

The FASB also issued SFAS No. 161 "Disclosures about Derivatives Instruments and Hedging Activities" in March 2008. This statement requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. This statement is effective for financial statements for fiscal years and interim periods beginning after November 15, 2008, with earlier application encouraged. The Company is currently evaluating the requirements of SFAS No. 161.

On January 1, 2009, the Company adopted a new standard which requires, among other things, the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose to investors and other users all of the information they need to evaluate and understand the nature and financial effect of the business combination. The adoption of this standard had no effect on the Company's financial statements.

On January 1, 2009, the Company adopted a new standard which establishes accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. The standard defines (i) the period after the balance sheet date during which a reporting entity's management should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and (iii) the disclosures an entity should make about events or transactions that occurred after the balance sheet date. The adoption of this standard had no effect on the Company's financial statements.

In May 2009, the FASB issued new guidance on subsequent events. The standard provides guidance on management's assessment of subsequent events and incorporates this guidance into accounting literature. The standard was effective prospectively for interim and annual periods ending after June 15, 2009. In February 2010, the FASB issued new guidance that amended certain recognition and disclosure requirements for subsequent events. The guidance changed the requirement for public companies to report the date through which subsequent events were reviewed. This guidance was effective at issuance. The implementation of the standard and new guidance did not have a material impact on our consolidated financial position and results of operations.

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On June 30, 2009, the Company adopted new accounting standards that provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities, as well as clarity and consistency in accounting for and presenting impairment losses on securities. The standards give guidance to determining fair values when there is no active market or where the price inputs being used represent distressed sales. It reaffirms the need to use judgment to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive. The standards also relate to fair value disclosures for any financial instruments that are not currently reflected on the balance sheet of companies at fair value. Previously, fair values for these assets and liabilities were only disclosed once a year. These disclosures are now required on a quarterly basis to provide qualitative and quantitative information about fair value estimates for all these financial instruments not measured on the balance sheet at fair value. The adoption of this standard had no impact on the Company's financial statements.

On September 30, 2009, the Company adopted a new standard that makes the Financial Accounting Standards Board's Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative guidance for SEC registrants. All guidance contained in the Codification carries an equal level of authority. All non-grandfathered, non-SEC accounting literature not included in the Codification is superseded and deeded non-authoritative. The Codification does not change or alter existing GAAP and, therefore, the adoption of this standard had no effect on the Company's financial statements, other than to eliminate previous references to accounting pronouncements that are no longer applicable as a result of this new codification scheme.

3. MACHINERY AND EQUIPMENT

Detail of machinery and equipment at December 31, 2009 and 2008 is as follows:

	2009	2008
Computer equipment and software	$ 27,094	$ 22,174
Accumulated depreciation	(22,584)	(22,174)
	$ 4,510	$ -0-

Depreciation expense for the years ended December 31, 2009 and 2008 was $410 and $0.00.

4. OTHER ASSETS

Other assets include the following at December 31, 2009 and 2008:

	2009	2008

Deposits	$ 39,000	$ -0-
	$ 39,000	$ -0-

5. PAYROLL TAXES

The Company has not paid federal and state payroll taxes as required and has not provided for any possible penalty assessments. The Company has had preliminary discussion with the Federal and California taxing authorities and as such, it believes that any penalty assessments will be waived upon reaching a cash payment agreement. The amount of payroll taxes due at December 31, 2009 and 2008 totaled $653,747 and $594,683.

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6. OTHER CURRENT LIABILITIES

Other current liabilities include the following at December 30, 2009 and 2008:

	2009	2008
Interest payable	$121,383	$240,640
State taxes	800	800
	$122,183	$241,440

7. COMMITMENTS

Operating Lease
The Company leased its office facility on a month to month basis from November 2007 to July 21, 2008. Commencing August 1, 2008, the Company entered into a new lease for its corporate offices. The lease required a security deposit of $39,000. Aggregate minimum annual rental commitments under the non-cancelable lease are:

Year ending December 31	
2009	$78,894
2010	81,972
2011	56,008

Rent expense for the nine months ended December 31, 2009 and 2008 amounts to $112,439 and $71,070.

8. NOTES PAYABLE - OTHERS AND NOTE PAYABLE – OFFICER

At December 31, 2009 and December 31, 2008, outstanding debt consisted of the following:

	2009	2008
Note payable non related parties		
(a) Note payable – In Default		
Accrued at 10% and due on demand	$ 204,500	$ 204,500
(a) Note payable to others, interest at 15%		

	per annum. Interest and principal due on demand	54,300	557,300
(a)	Convertible note payable, interest at 6%, due on March 14 and March 28, 2007	-0-	20,000
(a)	Note Payable – Fishman, interest $500 per month, due January 3, 2010	30,000	-0-
	Total notes payable non related parties	288,800	781,800
(b)	Notes payable officer, interest at 15% per annum. Interest and principal due on demand	10,538	10,038
	Total notes payable	$ 299,338	$ 791,838

(a) Notes Payable – others

Note Payable – Fishman, dated November 3, 2009, amount of $30,000, due January 3, 2010, interest $500 per month, additional consideration 400,000 shares of common stock.

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Failure to Pay Principal. If the Company fails to pay principal when due and such failure continues for a period of Five (5) days after the end of the grace period, the principal must be paid on/or before the expiration of the Five (5) days grace period. The Holder will get $500.00 every 30 days as additional interest and 100,000 shares of additional Common Stock as a penalty. All will be due and payable along with all principal and interest owing on note as per its terms.

On April 27, 2004, the Company entered into a note payable agreement with an individual to borrow $150,000 at 10% interest per annum. The note was payable on April 27, 2005. As a condition of entering into the note, the Company was also required to pay additional fees totaling $50,000 upon maturity of the note. The Company considered this amount to be additional interest and, accordingly, recorded it as an expense using the effective interest method over the term. The Company paid $1,000 of interest during the note term and on April 27, 2005 the note was amended to require a five-month repayment of all accrued principal and interest and an additional $30,000 of fees. The additional fees were also accrued as interest expense using the effective interest method. The Company made payments aggregating $18,000 during the new term and on September 30, 2005 became in default of this obligation. All accrued interest as of September 30, 2005 was recorded to reflect the total unpaid principal obligation of $232,000 at December 31, 2005. Accrued interest in the amount of $70,091 is included in interest payable at December 31, 2009 and 2008.

On October 25, 2005, the Company entered into a note with a relative of a shareholder in the amount of $50,000. The note accrues interest at 20% per annum and is due in a lump sum of principal and accrued interest on maturity. The original due date of this note was April 26, 2006, which was subsequently extended for 60 days until June 26, 2006. On June 26, 2006, this note was extended again for an additional 18 months until December 26, 2007. On September 28, 2007, the Company converted $20,000 of the principal balance into 133,333 shares of common stock. On October 28, 2007, the company converted the remaining principal balance of $30,000 and $19,778 of accrued interest into 311,113 shares of common stock (Note 10). On May 28, 2008, the Company entered into a note with this individual in the amount of $6,800. During the year 2009, the Company made a payment of $2,500. This note accrues interest at 12% interest per annum and is due in a lump sum of principal and accrued interest on maturity at January 30, 2010.

During the fourth quarter of 2006, the Company entered into loans arranged by a shareholder in the aggregate amount of $400,000. The loans accrued interest at 15% per annum and are due on demand. This loan was converted into 9,041,667 common shares on March 31, 2009.

On December 26, 2005 the Company borrowed funds of $25,000 from two individuals who became investors in 2007 by converting the notes to Common stock at $0.50 per share. As a result, $25,000 in short-term notes payable at December 31, 2005 was reclassed to short-term notes payable. The loans accrued interest at 15% per annum.

On January 24, 2007, the Company entered into a related party loan with a shareholder in the amount of $10,000. The loan accrues interest at 15% per annum and was due on January 23, 2008. The Company converted this loan into 229,444 shares of common stock including accrued interest of $3,767 on May 31, 2009.

During August and September of 2007, $100,000 was received from unrelated parties as loans with 0% interest and due on demand. The unrelated parties became investors in June 11, 2009 when the loans were converted to 400,000 shares of common stock.

During 2006, the Company borrowed additional funds of $62,500 from two unrelated individuals and $1,138 from an unrelated company to fund current operations. The notes were due on October 13, 2007 with accrued interest at 15% per annum. The Company made payments of $2,000 and $1,138 to the unrelated individuals and unrelated company during the years ended December 31, 2006 and 2008. One note of $10,500 was converted into 284,479 common shares including accrued interest of $6,569 on May 31, 2009. The Company is now in default on the obligation to the unrelated individuals totaled $50,000. Accrued interest in the amount of $21,878 and $18,139 is included in interest payable at December 31, 2009 and 2008.

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On September 15, 2005, the Company commenced a private placement offering of convertible notes to raise up to $500,000. Pursuant to this offering, on each of September 15 and September 29, 2005, the Company issued a convertible debenture for $10,000. The September 15 debenture was due on March 15, 2007, and accrued interest at an annual rate of six percent, with the interest to be due and payable annually the notes are currently in arrears on December 31, 2005, December 31, 2006 and March 15, 2007. The September 29 debenture was due on March 28, 2007, and accrued interest at an annual rate of six percent, with the interest to be due and payable annually arrears on December 31, 2005, December 31, 2006 and March 28, 2007 (the note is currently in arrears). Each note holder has the option at any time to convert the principal amount of each note into shares of common stock at a conversion price at $0.65 per share. In addition, the conversion price is subject to adjustment in the event the Company issues additional shares of common stock for less than $0.65 per share. In connection with the issuance of each note, each note holder received a warrant to purchase 7,692 shares of common stock at an exercise price of $1.00 per share. These notes were converted into 333,334 common shares in 2009.

(b) Note Payable - Officer
On August 29, 2006, the Company entered into a related party note with an officer/shareholder in the amount of $25,000. The note accrues interest at 15% per annum and is due on demand. The Company made payments of $10,000 during the year ended December 31, 2006 and payments of $4,962 during the year ended December 31, 2007. The officer loaned the company $500 in May, 2009 bringing the note balance up to $10,538. Accrued interest in the amount of $5,248 and $4,478 is included in interest payable at December 31, 2009 and 2008.

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2008 the Chief Executive Officer and Director Barry Schwartz and its President and Director Lisa Bershan ("Related Parties") paid costs and or expenses on behalf of the Company of $22,323. During the year ended December 31, 2009 the Related Parties received $261,323 from the Company. The related parties offset the advances of $261,323 against their accrued officers salaries.

10. INCOME TAXES

The Company accounts for income taxes under SFAS No. 109, "Accounting for Income Taxes." Deferred income tax assets relate to net operating loss carry forwards incurred while the Company filed tax returns as a Subchapter S Corporation under the Internal Revenue Code of 1986 and are not considered material. A Subchapter S Corporation's operating results pass through to shareholders, therefore no deferred tax accounting was appropriate when the Company had this structure. Effective January 11, 2006, the Company no longer qualified as a Subchapter S Corporation when a second class of stock was created. All operating loss carry forwards prior to January 11, 2006 are not available to offset future taxable earnings of the Company. There is no provision for federal income taxes because the Company has incurred operating losses. The Company has recorded a state income tax provision of $800, which represents the minimum Franchise Tax Fee in the State of California. The minimum Franchise Tax Fee cannot be offset with loss carry forwards. Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the Company has recorded an aggregate $2,760,510 valuation allowance against its deferred federal and state tax assets, since it is believed that such assets do not meet the more likely than not criteria to be recoverable through projected future profitable operations in the foreseeable future. The loss carry forwards will begin to expire in 2026 for federal income tax and 2012 for state income tax.

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The significant components of the Company's deferred tax assets are as follows:

Deferred Tax Assets as of
December 31, 2009

	Federal	State
Net operating loss:		
Year End 2007	$ 3,182,174	$3,181,374
Year End 2008	1,248,289	1,247,489
Year End 2009	2,013,798	2,012,998
Total Loss Carry forward	$ 6,444,261	$6,441,861
Tax rate	34.00%	8.84%
Tax provision	$ 2,191,049	$ 569,461
Valuation Allowances	(2,191,049)	(569,461)
	$ -0-	$ -0-

11. SHAREHOLDERS' DEFICIT

Capital Stock
All American Pet Company, Inc. was formed under Maryland law on January 4, 2006 with 50,000,000 authorized shares of common stock and 10,000,000 authorized shares of preferred stock. On January 27, 2006, All-American Pet Company Inc., A New York corporation, merged with and into All American Pet Company, Inc., a Maryland corporation.

Prior to the January 27, 2006 merger into the Maryland corporation, the Company entered into the first of three amendments of shareholder agreements to accommodate new investors, the first of which occurred on November 5, 2004. This agreement was amended on February 8, 2005 and again on March 1, 2005 to reduce the number of new investors and increase the commitment of certain investors.

On November 30, 2005, the Company signed a letter of intent to enter into a transaction with Nortia. The transaction resulted in (i) the Company recapitalizing to reflect total common shares outstanding being 7,500,000 common shares (ii) Nortia and or Nortia assignees acquiring 750,000 shares of newly issued common stock of the newly recapitalized company for an aggregate sales price of $100,000 of which $50,000 was paid during the year ended December 31, 2005 and $50,000 was reflected as a subscription receivable at December 31, 2005, and received in January 2006 (iii) Nortia received 500,000 warrants to purchase an additional 500,000 shares of common stock at an exercise price of

$0.50 per share expiring December 2007.

Private Placement of Common Shares

During the year ended December 31, 2008, the Company raised $220,175 from private placements of Common shares to be issued totaling 2,695,997. During the year ended December 31, 2009 the company raised $1,010,242 (net of $70,000 subscription receivables) from private placement sale of 19,800,114 common shares.

Conversion of Shares of Common Shares into Preferred Shares

As an additional condition of the December 28, 2005 private placement and recapitalization in Maryland, two of the four existing shareholders entered into an agreement to convert their common shares into 56,500 shares of preferred stock designated Series A. The tendered shares of common stock were reallocated to the other two founding shareholders such that the total number of issued and outstanding shares of common stock will not change. This recapitalization was recorded retroactively to inception. As a result of the recapitalization, the number of shares authorized was increased and as such, the common stock previously subscribed but not issued in 2005 was recorded as issued as of December 31, 2005.

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The Series A Preferred Stock is entitled to cumulative dividends of 8% per annum and is payable on March 1st of each year beginning in 2006. Once issued, the Company will have the right, by agreement, to redeem the outstanding shares of Series A Preferred Stock at their liquidation value at anytime. For each share of Series A Preferred Stock that is redeemed, the holder also shall receive one share of the Company's common stock in addition to the liquidation value. $135,600 is included in dividend payable at December 31, 2008 in the accompanying balance sheet. The liquidation preference, which includes the unpaid dividends, is valued at $800,000 and $800,000 at December 31, 2009 and 2008 respectively.

Conversion of Preferred Shares to Common Shares
In February 27, 2009, the Company entered into an agreement with the two preferred shareholders to convert all 56,500 shares of Series "A" Preferred shares held by them in exchange for 5,000,000 shares of the Company's common shares. The delivery of the common shares to the preferred shareholders took place in March 2009 and the Company was released by the shareholders (the Releases) from any and all future claims and liabilities. The preferred shareholders have the right to sell the common shares at a rate of 1,250,000 in the aggregate every 90 days starting May 15, 2009 and the right to sell at will after March 31, 2010. The Company has agreed that the total value of the sales over the Liquidation Period, which is defined as the period from May 15, 2009 to April 30, 2010, to be at a minimum of $800,000 or 5,000,000 shares at $0.16 per share. If the value of the shares sold during the Liquidation Period is less than $800,000, then the Company will have the right to purchase any unsold shares at a price of $0.16 per share. If the gross proceeds from all sales is still less than $800,000 then the Company shall have the right and not the obligation to make up the difference by making cash payment on or before May 31, 2010. In addition, no later than June 15, 2010, the Company will issue an additional 3,000,000 shares of the common shares in total to the preferred shareholders if the sales proceeds and any additional payments made by the Company is less than $800,000.

Conversion of Notes Payable to Common Shares
During the period ended December 31, 2009 the holders of $520,500 in notes with accrued interest of $152,836 converted the notes and accrued interest to 9,955,590 common shares.

Increase in Authorized Common Shares
On October 13, 2009, the Company held a shareholders' meeting and the shareholders voted to increase the authorization of common shares from 50,000,000 shares to 250,000,000 shares.

Warrants Issued with Shares of Common Stock

The Company raised $360,000 in 2009 from the sale of 6,000,000 shares of Common Stock. As a result, the Company issued warrants for 1,800,000 shares at an exercise price of $0.10 per share. A Black Scholes calculation determined the value of the warrants was $144,000 at December 31, 2009. The Black Scholes calculation takes into consideration the following assumptions: 1,800,000 as number of shares, a stock price of $0.08, an exercise price of $0.10, a two year term, volatility rate of 106%, discount rate of .01%, immediate vesting period..

Pursuant to the August 24, 2008 five and one-half-year Employment Agreement, both Barry Schwartz and Lisa Bershan, officers of the Company, are entitled to receive 2,500,000 warrants each at an exercise price of $0.17 per share as bonus. A Black Scholes calculation determined the value of the warrants was $237,500 of bonus. The Black Scholes calculation takes into consideration the following assumptions: 5,000,000 as number of shares, a stock price of $0.05, an exercise price of $0.17, a ten year term, volatility rate of 409.67% discount rate of 3.875%, immediate vesting period and a term of ten years. During the year ended December 31, 2009 the company received $1,080,243

from the sale of 19,800,114 shares of common stock to be issued. In the original filing this bonus was expensed in the period it was granted in this amended filing th expense has been amortized over the term of the employment agreement.

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Warrants Outstanding

A summary of the Company's outstanding warrants and activity for the period ended December 31, 2009 and 2008 is as follows:

	Number of Units	Weighted-Average Exercise Price per Share
Outstanding at December 31, 2007	3,925,813	$ 0.15
Granted August 2008	5,000,000	$ 0.17
Expired	500,000	
Outstanding December 31, 2008	8,425,813	
Expired 2009	3,020,000	
Granted December 2009	1,800,000	$ 0.10
Outstanding at December 31, 2009	7,025,813	$ 0.16

The above chart has been amended to correct a mathematical error and to account for the expiration of 3,020,000 warrants in June of 2009. The weighted-average remaining contractual life of the warrants outstanding at December 31, 2009 is from four to ten years.

Common Shares to Employees and Contested Employee Claims

In March 2008, the Company issued 750,000 shares of Common shares valued $45,000 to an employee for payment of salaries.

As part of the final salary payments, the Company issued shares to employees for unpaid salaries. All employees of the Company agreed to accept the Company issued common shares as payment in full for accrued salaries and non-reimbursed employee expenses. As such, in November 2007 the Company issued 3,500,000 shares to all employees for payment of their accrued salaries and respective non-reimbursed expenses. In December 2007, three employees filed an action with the State of California Employment Development Department alleging that they were not paid salaries and non-reimbursement of expenses. In June 2008, a hearing was with the California Labor Department Industrial Relations. On July 7, 2008, the plaintiffs were awarded their claims. The Company, on April 28, 2009 filed an action in Los Angeles County Superior Court for the following: (1) Breach of contract, (2) Conversion, (3) Unjust enrichment, (4) Fraud and deceit, (5) Claim and delivery, and (6) Injunctive relief.

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Company Issuance		
	Company compensation shares issued	1,300,000
	Employee claims shares value	$260,000
Employee Claims		
	Unpaid salaries	$108,799
	Reimbursable expenses	$18,360
	Interest claimed to June 19, 2008	$10,447
	Additional salaries	$27,629
	Total Claimed	$165,235

The Company has reflected the issuance of these 1,300,000 shares which amount to $260,000 charged as “Contested Employees Claims”.

Common Shares to Vendors and Consultants

During the year ended December 31, 2008, the Company issued 850,000 shares of common stock to two vendors in settlement of $51,000 owed. In addition, the Company also issued 4,874,000 shares of common stock valued $295,440 to various consultants and professionals for services rendered.

Common Stock Issued – Settlement of Officers Accrued Salaries

The Board of Directors in an effort to reduce payables authorized the CEO to enter into an agreement with the only officers of the corporation, Barry Schwartz the CEO and Lisa Bershan the President to accept shares of Common stock for all accrued salary as of July 31, 2008. The Board of Directors resolved that the company should take advantage of the ability to pay past due salary accruals with restricted shares of Common stock. The price used to calculate the number of shares to be issued was based on the average trading price for the company’s shares based on the transactions recorded by the quotation services during the month of July 2008.

The following was affected:

For Barry Schwartz, his accrued salary was exchanged for 8,843,584 shares of Common stock. For Lisa Bershan, her accrued salary was exchanged for 6,933,372 shares of Common stock.

During the year ended December 31, 2009, the following common stocks were issued:

Number of Shares	Net Amount
5,025,000	$ 135,600

Conversion of Preferred Stock		
Conversion of Note Payable	9,955,590	$ 673,336
Stock issued through Private Placement	24,313,970	$1,080,242
Stock issued for Consulting Services	10,293,150	$ 617,588
Stock issued for Employee Bonus	50,000	$ 3,000

12. EMPLOYMENT AGREEMENTS

On August 24, 2008, All American Pet executed five and one-half-year Employment Agreements with Mr. Barry Schwartz, as CEO and Ms. Lisa Bershan, as President.

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Barry Schwartz

Pursuant to the August 24, 2008 five and one-half-year Employment Agreement, All American Pet agreed to compensate Mr. Schwartz with a salary of $150,000 per year for his services. In addition, Mr. Schwartz received 2,375,000 shares of Common stock as a signing bonus. Mr. Schwartz was also received 2,500,000 warrants and other forms of incentive compensation. Mr. Schwartz was also entitled to health insurance and such other bonus and incentives as the Board of Directors, in its discretion, did authorize.

Lisa Bershan

Pursuant to the August 24, 2008 five and one-half-year Employment Agreement, All American Pet agreed to compensate Ms. Bershan with a salary of $150,000 per year for her services. In addition, Ms. Bershan received 2,375,000 shares of Common stock as a signing bonus. Ms. Bershan also received 2,500,000 warrants and other forms of incentive compensation. Ms. Bershan was also entitled to health insurance and such other bonus and incentives as the Board of Directors, in its discretion, did authorize.

13. LITIGATION AND JUDGMENTS

The Company was and is involved in various litigations with trade creditors. Currently there are ten judgments against the Company in the aggregate amount of $189,000, including interest and costs.

There are four former employees salary claims filed with California Labor Department in the aggregate amount of $59,000, including salaries and other costs that were not compensated by issuance of shares.

14. CUTEST DOG COMPETITION

In May 2009, the Company finalized plans to host a nationwide viral marketing contest known as the “Cutest Dog Competition”. The contest started on August 1, 2009, allowing every dog owner in America to have the opportunity to submit a picture of their dog. The Company announced the winner of the “Cutest Dog Competition” on its website as well as at a major venue on Thanksgiving Day. Prizes were distributed for regional winners, and three top regional winners of a $5,000 prize each, qualified as finalists for the final event. Regional winners from all over the country then competed for the title of the “Cutest Dog Competition” and that winner was awarded the $1 million prize. On November 2009, the winner was announced.

The present value of the $1,000,000 obligation payable over 30 years at 7.5% present value is $336,500. The discount $663,500 is being amortized over 30 years with an annual cash payment of $33,333.

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15. RESTATEMENTS

December 31, 2008	Note	Originally Filed	Adjustment	Restated
Prepaid Expense Warrants	1	0	228,365	228,365
Other Assets	2	26,000	13,000	39,000
Book Overdraft	3	9,603	992	10,595
Accrued Payroll Taxes	4	374,302	220,382	594,683
Accrued Interest	5	315,524	(74,084)	241,440
Common Stock	6	NA	NA	NA
Additional Paid in Capital	7	NA	NA	NA
Accounts Payable	8	NA	NA	NA
Machinery & Equipment net	9	NA	NA	NA
Banking	10	0	992	992
Accumulated Deficit		(9,359,611)	95,069	(9,264,542)

December 31, 2009	Note	Originally Filed	Adjustment	Restated
Prepaid Expense Warrants	1	0	210,096	214,664
Other Assets	2	26,000	13,000	39,000
Book Overdraft	3	NA	NA	NA
Accrued Payroll Taxes	4	382,881	270,869	653,747
Accrued Interest	5	244,562	(122,379)	122,183
Common Stock	6	NA	NA	NA

Additional Paid in Capital	7	NA	NA	NA
Accounts Payable	8	NA	NA	NA
Machinery & Equipment net	9	NA	NA	NA
Banking	10	NA	NA	NA
Accumulated Deficit		(11,352,148)	74,608	(11,277,540)

Notes:

1. Prepaid Expense – Warrants: This is due to a correction of an accounting error. The value of the warrants were originally recorded as an expense upon issuance. The warrants were part of an employment agreements with officers of the Company and have been corrected to record the fair value of the warrants over the requisite service period.
2. Other Assets: This is due to a correction of an accounting error. The security deposit for rent was originally expensed and has been corrected to capitalize the refundable security deposit as an asset.
3. Book Overdraft: his is due to a correction of an accounting error
4. Accrued Payroll Taxes: This is due to a correction of an accounting error. The Company did not record penalties and interest on accrued payroll taxes to federal and state agencies. This has been corrected to properly record the penalties and interest.
5. Accrued Interest and Accrued Liabilities – Other: Reclassification.
6. Common Stock: This is due to a reclassification.
7. Additional Paid in Capital: This is due to a reclassification.
8. Accounts Payable: This is due to a reclassification.
9. Machinery & Equipment net: This is due to a reclassification.
10. Banking: This is due to an accounting error.